

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
Boussard & Gavaudan Holding Limited

For the year ended 31 December 2021

Boussard & Gavaudan Holding Limited
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For the year ended 31 December 2021

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Boussard & Gavaudan Holding Limited
Management and Service Providers
For the year ended 31 December 2021

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

Andrew Henton (Chairman until 11 March 2022)

Andrew Howat (Chairman from 11 March 2022)

Julia Goh (Appointed on 11 March 2022)

Sylvie Sauton

Bruce James (Appointed on 4 March 2021)

Investment Manager

Boussard & Gavaudan Investment Management LLP

One Vine Street

London, W1J 0AH

United Kingdom

Boussard & Gavaudan Holding Limited website

<https://www.bgholdingltd.com/index.php>

for the latest information

Legal Advisors

(English and United States law)

Herbert Smith Freehills LLP

Exchange House, Primrose Hill

London EC2A 2HS

Legal Advisors

(Guernsey law)

Carey Olsen

Carey House

Les Banques, St Peter Port

Guernsey GY1 4BZ

Legal Advisors

(Dutch law)

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Strawinskylaan 2001

1077 ZZ Amsterdam

The Netherlands

Independent Auditor

Ernst & Young LLP

Royal Chambers

St Julian's Avenue

St. Peter Port

Guernsey GY1 4AF

**Administrator, Corporate Secretary and
registered address**

JTC Fund Solutions (Guernsey) Limited

Ground Floor

Dorey Court

Admiral Park

St Peter Port

Guernsey GY1 2HT

Sub-Administrator

SS&C Financial Services LLC

One South Road, Harrison

NY 10528

USA

Registrar and CREST Service Provider

JTC Registrars Limited, Ground Floor,

Dorey Court, Admiral Park,

St Peter Port

Guernsey GY1 2HT

**Euroclear Nederland
Paying, Issuing, Transfer,
Proxy & Conversion Agent**
F. Van Lanschot Bankiers N.V

Listing Agent

Kempen & Co N.V.

Beethovenstraat 300

1077 WZ Amsterdam

The Netherlands

Corporate Advisor

Winterflood Investment Trusts

The Atrium Building

Cannon Bridge House

25 Dowgate Hill

London EC4R 2GA

Custodian

BNP Paribas Securities Services

PO Box 158

Liberte House

19-23 La Motte Street, St Helier

Jersey JE4 5RL

Boussard & Gavaudan Holding Limited

Glossary of Terms

For the year ended 31 December 2021

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

Funds

BGHL / the Company 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
BG Eire Fund BG Eire 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 in July, 2018
Companies Law The Companies (Guernsey) Law, 2008, as amended
Concert Party The Investment Manager, together with persons considered to be acting in concert with the Investment Manager
EONIA Euro Overnight Index Average (Euro benchmark based on interbank lending)
€STR The Euro Short Term Rate which is the risk-free rate of the Euro area
VIX Volatility index
Exane Exane BNP Paribas
NAV Net asset value
Year The year ended 31 December 2021
IFRS International Financial Reporting Standards (as adopted by the European Union)
AFM Authority for the Financial Markets
AUM Assets Under Management
Financial Statements Financial Statements for the year ended 31 December 2021

Boussard & Gavaudan Holding Limited

Chairman's Statement

For the year ended 31 December 2021

Dear Shareholders,

I am pleased to present to you the Annual Report and Audited Financial Statements of BGHL for the Year.

Performance during 2021

From 1 January to 31 December 2021, BGHL's NAV for the Euro and Sterling shares increased respectively by 12.59% and 11.14%, and the associated market prices increased by 15.35% and 5.56% for each currency class. As at 12 April 2022 (the last practicable date prior to publication of this report) the share price discount to NAV for the Euro shares stood at circa 17.46%.

The Investment Manager is targeted to deliver a consistent annualised appreciation of NAV over the course of an economic cycle of €STR+500bps. The Board remains satisfied with the performance of the Investment Manager as judged by this benchmark, with the absolute return over the past five years for the Euro shares being 5.68%. The lack of correlation between equity markets and NAV appreciation remains a stand out feature; over the past 18 year returns have been generated with a Beta of less than 0.1 compared to the STOXX Euro 600 index.

Performance attribution for 2021 was positive across all strategies but with Equity Risk Arbitrage and Special Situations leading returns. The relative valuation differential between US and European stocks made European companies attractive for takeovers by strategic buyers and private equity, a dynamic which the Investment Manager's event driven and special situation strategies were able to exploit. A tangible shift in the regulatory stance of several European agencies also signalled a more benign environment for consolidations, particularly in the banking, telecoms and "green energy" sectors. More generally, as central bank attitudes on interest rates became less dovish and expectations for a tapering of global quantitative easing increased, the Investment Manager successfully identified mispricing and arbitrage opportunities, particularly within the convertibles market.

Whilst the Investment Manager began the New Year optimistically, recent events in Ukraine have cast a shadow over all capital markets. The impact of the most stringent sanctions regime that the world has ever seen, and its effects on global supply chains and energy prices, are only beginning to play out. The Investment Manager's very prudent approach to risk management and hedging are expected to well position the Company for such an environment, but it is clear that geopolitical uncertainty is a very significant emergent risk.

Share price discount to NAV

The Euro share class traded at a discount within the range of 15.6 % to 23.3% during the Year. Whilst the discount has continued to narrow, it remains outside the range of 15% that is targeted. Share buy back activity during the Year amounted to 2,989,466 shares, representing 9.24% of the issued share capital. Since the corporate action which took place at the end of 2019, 20.49% of the Company's shares have been bought back. Whilst the share buy back mechanism remains the principal instrument being used to address the share price discount, a combination of (i) strong investment performance (attracting new buyers of the Shares) and; (ii) a deliberate policy of retaining liquidity to take advantage of market opportunities, saw the Investment Manager being more opportunistic with its use of the share buy back mechanism. The Board remains focused on the prospect of a potential continuation vote which will take place in 2023 if the average discount over the course of 2022 is greater than 15%.

Board succession, governance and risk management

I took over the role of Chairman from Andrew Henton on 11th March 2022, thereby ensuring continuity of purpose for the Board. We welcomed Julia Goh as a new independent director on the same date. Julia will assume the role as Chair of the Audit Committee, taking over from me. Julia is a Chartered Accountant with a very strong professional track record in internal controls, processes and risk management. We are delighted to welcome her to the Board. For more details about director remuneration and the succession planning process which was followed I refer you to the Directors' Report on page 15.

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. As an investment company with no employees, the Board considers its core stakeholder constituency to be its Shareholders.

For your continuing information, 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.

Boussard & Gavaudan Holding Limited
Chairman's Statement
For the year ended 31 December 2021

On behalf of the Board, I would like to thank you for your ongoing support.

Andrew Howat
Chairman

27 April 2022

Boussard & Gavaudan Holding Limited

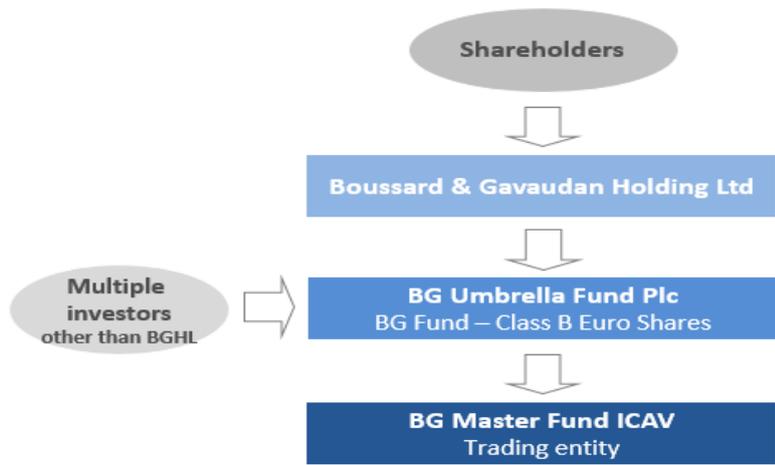
Investment Manager's Report and Financial Highlights

For the year ended 31 December 2021

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 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. BGHL invests through a share class which will not be subject to management or performance fees at the level of the underlying hedge fund.

BGHL investments may include the acquisition of minority or majority interests in unlisted companies or listed companies. The Investment Manager may also make private equity investments through investing in funds that have a private equity investment focus.

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 but which are not pursued by BGF due to risk profiles or liquidity profiles inconsistent with those of BGF.

The full investment policy, which includes gearing and asset allocation is available on BGHL’s website.

Boussard & Gavaudan Holding Limited
Investment Manager’s Report and Financial Highlights
For the year ended 31 December 2021

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 principles 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.

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

Volatility strategies:

- mandatory convertible bond arbitrage
- convertible bond arbitrage
- volatility trading
- warrant arbitrage & Special Purpose Acquisition Companies (SPACs)

Equity strategies:

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

Credit strategies:

- credit long / short
- capital structure arbitrage
- credit special situations
- direct lending

Trading strategies:

- Quantitative strategies involving the use of models and data analysis based on factors. Factors may include economic indicators, market data, fundamental, and valuation factors.

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.

The increase in the net assets is driven by the positive performance of the investment portfolio less the impact of buyback of shares. A significant amount of the net assets has been dedicated to the share buy-back (31 December 2021: €26,908,670).

BGHL (in Euro)	31 Dec 2021	31 Dec 2020	Variation %
Net assets	365,631,454	357,447,454	2.29%

The ongoing COVID-19 pandemic remains the most significant event affecting the Year. The business continuity plan remains enacted within the Investment Manager’s London and Paris offices. During pandemic peaks, the business continuity plan was enacted, and a significant proportion of staff have been working from home. The dual location of systems and teams in Paris and London means that there is an embedded level of resilience and IT redundancy that provides a degree of additional risk mitigation. Systems are such that trade execution and position management have continued with no substantive procedural changes. Measures remain in place by which to monitor and oversee performance delivered by service providers notwithstanding requirements for remote working and social distancing.

The Investment Manager is committed to maintaining an investment approach that incorporates ESG factors as well as responsible investment considerations to best serve its clients’ interests. The Investment Manager is committed to playing its role in the transition to a lower carbon global economy, as it considers climate change a key issue for the future as well as a source of risks and opportunities.

The Investment Manager’s ESG strategy is built on three key pillars:

1. Integration:

The Investment Manager considers ESG factors as part of its investment decision making process, particularly where they are relevant to the specific investment thesis.

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Investment Manager's Report and Financial Highlights

For the year ended 31 December 2021

ESG is considered throughout the investment process, starting with initial consideration and screening of new products or companies, to idea generation, investment decision making and ongoing risk management. BGIM has contracted specialised third-party ESG data providers, primarily Sustainalytics, to help produce research that complements and assists the work of BGIM's analysts. As part of its investment and risk management process the investment committee spends time scrutinising companies perceived to have high ESG risk. The increasing importance of ESG considerations in financial markets creates new opportunities for catalyst-driven investment, creating opportunities that fit within BGIM's investment strategy. For example, whilst a company may be penalised by the market for perceived ESG risks within its business, a pathway to addressing those issues and improving its ESG profile will likely lead to a re-rating of its stock price.

2. Engagement:

The Investment Manager seeks to obtain appropriate disclosure of ESG issues from investee companies. The Investment Manager engages with investee companies for which it has identified specific issues or concerns, including ESG, to obtain additional information and insight.

Engagement is an important part of the investment process and, as well as using third party data sources, the Investment Manager seeks to engage directly with, and obtain appropriate disclosure of ESG issues from investee companies. The Investment Manager engages with investee companies for which it has identified specific issues or concerns, including ESG, in order to obtain additional information, insights and to influence change. BGIM had many management meetings or interactions with management during 2021 and proactively votes in relation to material positions and issues within its portfolios.

3. Transparency:

At portfolio level, the Investment Manager calculates exposure to a variety of ESG metrics to ensure that its funds are not overly exposed to ESG related risks.

ESG metrics are monitored by the Investment management's Risk Committee and the ESG Committee so that both viewpoints are considered. These metrics are also used for client and regulatory reporting. The quality of reporting will improve as data from more investee companies becomes available. During the Year BGIM has extended the scope of these metrics to cover energy, biodiversity, waste, water, social impact, human rights and corruption.

Since the 10th of December 2021, the Master Fund has changed its classification from Article 6 to 8 under SFDR (Sustainable Finance Disclosure Regulation).

The Investment Manager's ESG policy has been updated and expanded to reflect recent progress.

The full text including updated policies on coal and Diversity & Inclusion can be found on BGIM's website: <https://www.boussard-gavaudan.com/en/p/24/esg-policy>.

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Investment Manager’s Report and Financial Highlights

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4. Performance

BGHL’s Euro and Sterling Share prices and NAV per Share performed as follows:

BGHL	Ticker Bloomberg	Price*		Performance**	
		31 Dec 2021	31 Dec 2020	2021	5 years annualised
Euro share – Price	BGHL NA Equity	€ 23.30	€ 20.20	15.35%	5.39%
Euro share – NAV	-	€ 29.20	€ 25.94	12.59%	5.68%
Sterling share – Price	BGHS LN Equity	£ 19.00	£18.00	5.56%	3.72%
Sterling share – NAV	-	£ 25.31	£22.77	11.14%	5.41%
€STR Capitalized	ESTRON Index	(0.590)	(0.583)	(0.57)%	(0.45)%
HFRX Equal Weighted Strategies Index	HFRXEWE Index	1,134.19	1,112.71	1.93%	0.45%

*Price for all indicies except €STER which is a yield.

**The €STR “5 years annualised” performance is a composite index which has been calculated using the EONIA capitalized with a spread from 1 January 2017 to 31 October 2019 and then using the €STR capitalized from 31 October 2019. A composite is required until 31 October 2024 when the 5 year history on €STR will be available.

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.

BGHL’s investment objective is to deliver an annual return, net of fees, of 400 to 600 basis points above the “risk free rate” over the business cycle, irrespective of market performance. The risk-free rate for these purposes is “€STR capitalized”.

The NAV appreciation of the Euro Share was 12.59% over the Year and 5.68% annualised over the past five years. The €STR capitalized composite index returned (0.45)% over the past five years, leading to an outperformance by the fund of 6.13%, in line with its long-term objective. The €STR capitalized index, published since October 2019, has replaced the EONIA Index which has ceased being published on 3 January 2022.

BGHL has also outperformed the Euro HFRX Equal Weighted Strategies Index over the past five years.

The Investment Manager’s actions affect BGHL’s performance and NAV per Share. Although the NAV per Share 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.

5. Risk Management

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. 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 analysis 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 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” of the funds it manages by signing agreements which allow “Haircut” levels 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 broadly 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

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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 assets under management and the Equity-at-Risk is the "Excess-Margin". 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.

6. Capital allocation, risk and risk adjusted returns:

6.1 BGHL exposure

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's assets were allocated as shown in the table below.

	Holding in % AUM		
	31-Dec-2021 Exposure	Minimum Year Exposure	Maximum Year Exposure
BGHL	102.95%	100.47%	102.95%
BGF Euro B Class – NAV	100.00%	100.00%	100.00%
BGF Euro B Class – Over exposure	2.66%	0.18%	2.66%
Other Investments	0.29%	0.29%	0.29%

Source: Boussard & Gavaudan Investment Management LLP

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

During the reporting Year, 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
31 December 2021	102.7%	200.0%	103.0%	200.0%
31 December 2020	99.0%	200.0%	100.0%	200.0%

6.2 The Master Fund exposure

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 by strategy were as follows:

Master Fund (% AUM)	Equity-at-Risk	
	31 December 2021	31 December 2020
Volatility strategies	14.49%	8.51%
Equity strategies	30.60%	44.05%
Credit strategies	12.66%	13.04%
Trading	8.98%	5.31%
Others	0.02%	-
BGF Euro B Class – NAV	66.75%	70.91%
Excess Margin	33.25%	29.09%
Total Risk	100.00%	100.0%

Source: Boussard & Gavaudan Investment Management LLP

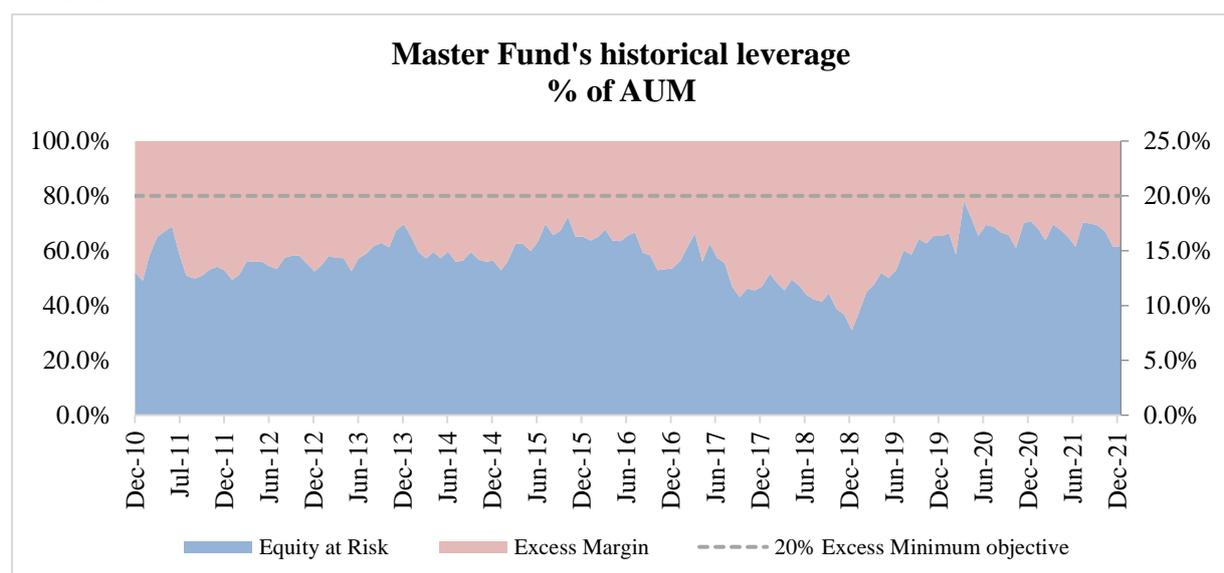
During the Year, the Investment Manager has continued to rebalance the equity portfolio away from "value" positions towards risk arbitrage and special situations with harder catalysts and to deploy more capital in volatility strategies where he has identified more opportunities. The Investment Manager remains very selective when deploying Equity-at-Risk and seeks to maintain, at the Master Fund level, a prudent Excess-Margin level at all times

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The graph below illustrates the evolution of the Master Fund's leverage.



Source: Boussard & Gavaudan Investment Management LLP

During the Year, 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
31 December 2021	410.5%	700.0%	583.9%	2,000.0%
31 December 2020	563.6%	700.0%	723.6%	2,000.0%

Source: Boussard & Gavaudan Investment Management LLP

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 whose sensitivities are shown and explained below.

Asset Class	Index	Ticker Bloomberg	31 December 2021		31 December 2020	
			Master Fund's beta vs Index (5 years)	Index volatility (5 years)	Master Fund's beta vs Index (5 years)	Index volatility (5 years)
Equity	Stoxx 600	SXXP index	0.16	15.96%	0.13	16.74%
Credit	Bbg Barclays Euro Aggregate Corporate TR	LECPREU index	1.16	3.05%	1.17	3.09%
Interest rate	Bloomberg / EFFAS	BCEE1T Index	0.41	3.56%	0.41	3.64%

Source: Boussard & Gavaudan Investment Management LLP

Equity. 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.

Credit. The "Bbg Barclays Euro Aggregate Corporate TR" 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. **Interest Rate.** 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.

Asset Class	Master Fund's Vega
Volatility	17 basis point by volatility point

Source: Boussard & Gavaudan Investment Management LLP

Volatility. 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

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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.

7. Performance analysis

7.1. Detailed allocation and performance analysis of BGHL

The Master Fund contributed 15.47% (15.39% NAV and 0.08% Leveraged) to BGHL's performance during the Year. BGHL's assets performed as shown in the table below.

	Euro Share	Sterling Share
BGHL - Performance 2021	12.59%	11.14%
BGF Euro B Class - NAV	15.39%	15.39%
BGF Euro B Class – Over exposure	0.08%	0.08%
Other Investments	-	-
Foreign Exchange	-	0.52%
Share buyback	2.11%	-
Fees, miscellaneous	(4.99)%	(4.85)%

7.2. Detailed allocation and performance analysis of the Master Fund

Master Fund (% AUM)	Performance 2021
Volatility strategies	3.14%
Equity strategies	7.42%
Credit strategies	3.23%
Trading	1.61%
Others	(0.01)%
BGF Euro B Class – NAV	15.39%

For the Year BGF's (EUR B) share class was up 15.39%. For market context the Eurostoxx 50 total return was up 23.3% over the Year, with the VIX finishing the Year at 19.3%, down from 23.4% and the iTraxx Crossover Generic remained broadly in line at 242bps.

Volatility strategies

Mandatory convertible bond arbitrage

Mandatory convertible bonds contributed positively this Year. Within the strategy, attribution was led by an existing mandatory bond position on which we tendered our holding when the company initiated a buy back on the majority of the issue. We also profited from an options arbitrage position. Overall, there was no traditional primary issuance in Europe this Year, however the Investment Manager found opportunities to increase existing positions in the secondary market. The Investment Manager is hopeful that current high levels of corporate and capital markets activity will lead to new issues in due course.

Convertible bond arbitrage

Convertible bonds' contribution to the performance of the fund was also positive for the Year. European primary and secondary markets were relatively quiet overall with most of the primary issues coming from the United States. Nevertheless, the Investment Manager was able to add opportunistically to a number of existing holdings, take profits on some specific situations and also initiate several new positions both in European and US convertible bonds.

Volatility Trading

Volatility Trading contributed positively for the Year. The trend for 2021 has been a general fall in volatility across markets and geographies, and the Investment Manager has seen implied volatility drifting lower and realised volatility significantly below that. The Investment Manager managed to generate profit through active trading while simultaneously reducing theta spend in the low realised volatility environment.

Periodically during the Year, the market was faced with multiple different concerns and which led to some strong risk-off moves. Most of our sub-strategies with their long gamma bias benefited from these periodic increases in volatility and the Investment Manager traded around positions to lock in profits, however these moves were generally short-lived.

Warrant arbitrage & SPACs

Warrant and SPAC arbitrage contributed positively this Year. The Investment Manager used the general increase in prices to take profits and reduce existing positions while remaining very selective on buying new issues.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the year ended 31 December 2021

Equity strategies

Equity strategies were the main contributor for the Year, with returns primarily driven by risk arbitrage and special situations which made strong positive contributions to the portfolio return. During the Year, the Investment Manager has taken the decision to rebalance the portfolio away from value-with-catalyst towards special situation and harder catalyst events which offer better risk-adjusted returns. Corporate activity continued to remain elevated throughout the Year and the outlook for this to continue remains very positive. The Investment Manager continues to find new opportunities particularly in event driven and special situations.

Credit strategies

Capital Structure Arbitrage

Capital structure arbitrage was flat this Year.

Credit long / short

Credit long/short made a positive contribution this Year. Most of the positions have a strong special-situation component and many of these are now well on the path to normalisation after undergoing restructuring events.

Credit special situations

Credit special situations performed well this Year with all positions contributing positively thanks to positive news flow and encouraging results from the investee companies.

Direct Lending

The Master Fund invests in loans originated by Fiduciam Nominees Limited (<https://fiduciam.co.uk>). Fiduciam makes 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 Year was circa €27 million and the contribution to the Master Fund's performance was positive.

Trading

Trading delivered a positive net performance driven primarily by Equity Quantitative Trading and to a lesser extent by Systematic Trend Following. The contribution from Macro Trading was marginally negative.

7.3. Detailed performance analysis of assets other than the Master Fund

In addition to its investment in the Master Fund, BGHL has an investment in Rasaland Investors plc ("RLI").

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

RLI's net asset value weighting in BGHL's portfolio and contribution for the Year were marginal.

The position continues to be valued at a significant discount to its net asset value, the Investment Manager believes further downside risk on this investment is limited.

8. Subsequent Events

On 24 February 2022, Russia began a large-scale military invasion of Ukraine. World leaders have condemned Russia's attack on Ukraine, stating it has no foundation and is a breach of international law. At the time of writing, the invasion has already reported to have led to loss of life and significant damage to infrastructure. Allies to Ukraine have begun sanctions against Russia, including financial sanctions and export controls, intended to place pressure on Russia's economy. The conflict will have an impact on global markets and Russian assets have become particularly risky.

At the end of 2021, the portfolio had no exposure to Russian securities and Russian-related assets.

9. Principal and Emerging Risks and Uncertainties

The principal risks and uncertainties are listed and described in the Directors' report. The Investment Manager views key risks to be 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
- valuation or liquidation 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.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the year ended 31 December 2021

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. In addition, the Master Fund has exposure to a diversified range of idiosyncratic risks relating to individual corporate entities. The diversified nature of the investments within the Master Fund mitigates the apparent concentration risk within BGHL.

The Investment Manager aims to continue to perform in accordance with its long-term objective of delivering consistent NAV appreciation. The capital invested into the Master Fund is deployed into attractive investment opportunities that are identified. These investments are generally made with the addition of leverage at the Master Fund level.

In terms of headline risks to the Master Fund in 2022, the ongoing COVID-19 pandemic continues to have an effect on global economic activity. Its impact is likely to persist throughout 2022 and potentially thereafter. COVID-19 is expected to have a continued influence on global gross domestic product along with concerns around temporary or persistent inflation by virtue of government stimulus programs, the disruption caused to supply chains, combined with increased demand in certain industry sectors as economies re-open. While there are strong signs of recovery for the global economy in 2022, the journey is likely to be an uncertain one with the risk of continued viral mutations and potential economic lockdowns.

In addition to COVID-19 pandemic, in terms of emerging risks, unprecedented fiscal and monetary stimulus has generated significant asset price inflation. This creates uncertainty around long term price stability. Recently, an increasingly inflationary environment has resulted in central banks action and signalling that has shifted from a dovish to more hawkish stance. A change in the interest rate environment could have significant implications for asset prices and lead to a rotational environment away from longer duration growth type assets to assets with a more value or cyclical bias.

The formal exit of the UK from the European Union seems to have stabilised although bigger tensions in the geopolitical environment such as US/China and between US/Europe and Russia may create further instability. The risks of climate change and damage to the environment becoming more apparent both for the corporate world and for society at large and will require wholesale change in behaviours in many sectors. The shifting landscape around this will create material risks and opportunities.

The Investment Manager is comfortable that BGHL currently has enough liquidity to meet all expenses for the period ending 30 April 2023. The low fixed cost base of BGHL, with operating expenses representing less than 2% of its NAV, means that enough liquidity can be maintained to meet expenses. Performance fees are known in January and paid in March. To generate the necessary liquidity to pay expenses and the shares bought back, BGHL redeems shares in the Master Fund on a regular basis. BGHL has a monthly redemption right with 60 calendar day prior notice to redeem those shares. A liquidity gating at the Master Fund level would still allow BGHL to receive at least 10% of any redemption request and also meet its expenses.

The Investment Manager sees no other emerging risks during the Year.

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

27 April 2022

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2021

The Directors present their annual report and audited financial statements for the Year.

Principal Activities

BGHL's investment objective is to deliver an annual return, net of fees, of 400 to 600 basis points above the "risk free rate" over the business cycle, irrespective of market performance. The risk-free rate for these purposes is "capitalized €STR".

During the Year, 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 the 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 enters into other investments, including private equity investments.

Performance of Investment Manager and Continued Appointment

From 1 January to 31 December 2021, BGHL's NAVs for the Euro and Sterling shares increased by 12.59% and 11.14% respectively, whilst BGHL's market price increased by 15.35% and 5.56% respectively.

NAV appreciation in 2021 significantly outperformed the target with the more important 5 years annualised performance of 613 bps above capitalised €STR for the Euro share class in excess of the target range. Beta correlation remains very low, and in its review of the Investment Manager's performance the Board has been pleased to note the absence of "style drift". Whilst performance in 2021 reflects a number of conviction positions being catalysed, the Investment Manager continues to generate new ideas which augur well for the future.

The cost base of BGHL is largely fixed and the Total Expense Ratio in 2021 was 171 bps compared to 169 bps during the year ended 31 December 2020. 88% of total expenses, excluding any performance related fees, comprise management fees payable to the Investment Manager determined as a fixed percentage of NAV.

BGIM was appointed as Investment Manager and AIFM by BGHL, BGF and the Master Fund on 21 July 2014. 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 Year. Please also refer to Note 8 to the financial statements for further details on the terms of the investment management agreement.

Results for the Year and State of Affairs at 31 December 2021

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

Directors

The Directors as at 31 December 2021 were:

- Andrew Henton, Chairman;
- Andrew Howat, Senior Independent Director;
- Sylvie Sauton; and
- Bruce James

Bruce James was appointed a Director of the Company on 4 March 2021. The Company engaged OSA Recruitment Limited ("OSA"), to manage the process of identifying an additional Director, and that firm actively sought out candidates who would bring additional diversity to the Board. Interviews were conducted with six short listed candidates prior to the selection and appointment of Mr James. OSA had no prior connection with the Company.

Biographies for each director are published on the Company website.

BGHL's articles of incorporation require that all Directors who held office at the two preceding annual general meetings shall retire and, if willing, offer themselves for re-election. Each of the directors was re-elected by the Company's shareholders at the annual general meeting held on 23 Sept 2021. It is the Company's policy for all directors to offer themselves for re-election annually in order to comply with the Code.

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2021

Directors' interests in shares

As of 31 December 2021, Directors are invested in shares of BGHL as below:

Name	Number of shares
Andrew Henton	6,000
Sylvie Sauton	6,177
Andrew Howat	-
Bruce James	-

Significant shareholders

As at 31 March 2022, to the best of the knowledge of the Directors, the following shareholders owned more than 3% of the Company:

Emmanuel Gavaudan	15.15%
Boussard & Gavaudan Gestion	5.67%
Premier Miton Group PLC	5.03%
Smith & Williamson	4.94%
E. Joseph	3.81%
Savile Capital S.A	3.76%

The Concert Party owned 28.09% of the issued share capital as at 31 March 2022.

The information disclosed has been collected from the AFM Website as of 31 March 2022. The figures are those disclosed at the time of disclosure and may have varied with the cancellation or conversion of shares.

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 buyback 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'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. On 23 September 2021, the shareholders renewed BGHL's authority to make market purchases of its shares.

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.

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.

During the Year, BGHL bought back the following number of Euro shares representing 9.24% of its issued share capital. No Sterling shares were repurchased.

Repurchase of own shares for the Year ended:	31 December 2021	31 December 2020
Treasury Shares	1,273,500	1,415,966
Average Gross Price	€ 21.1297	€17.6455
Net Amount Euro	€ 26,908,670	€24,985,417

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

Discount to NAV	31 Dec 2021	31 Dec 2020
Euro Shares	(20.2)%	(22.1)%
Sterling Shares	(24.9)%	(20.9)%

Boussard & Gavaudan Holding Limited

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For the year ended 31 December 2021

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.



The Board has committed to put forward a continuation vote at the 2023 AGM if the level of prevailing share price discount to NAV over the immediately preceding twelve months exceeds 15%.

Governance

As a closed-ended investment company incorporated in Guernsey with a premium listing on the Official List of the UK Listing Authority, BGHL is required to include a statement in its Annual Report as to whether BGHL has complied throughout the accounting period with all relevant provisions set out in the Code or, if not, setting out those provisions with which it has not complied and the reasons for non-compliance. The Company is also subject to the Guernsey Financial Services Commission ("GFSC") Finance Sector Code of Corporate Governance, amended November 2021 (the "GFSC Code"), which came into effect on 1 January 2012. Companies which report in accordance with the Code are deemed to meet the requirements of the GFSC Code.

The Board places a high degree of importance on ensuring that high standards of corporate governance are maintained and has adopted the Code, which sets out principles of good governance and a code of best practice for UK listed companies. The Code is available for download from the Financial Reporting Council's website www.frc.org.uk.

BGHL is a member of the Association of Investment Companies (AIC) and reports against the AIC Code of Corporate Governance published in February 2019. Whilst the latter closely resembles the Code, it does contain additional principles and recommendations of specific relevance to investment companies. By reporting against the AIC Code, the Company will also meet its obligations under the Code.

No limit has been imposed on the overall length of service of Directors, although each Director stands for re-election every year. Following the announcement made in 2021 Andrew Henton resigned as Chairman on March 11th 2022. Andrew Howat who has acted as the Senior Independent Director since 2019 has assumed the role of Chairman following Mr Henton's resignation. During late 2021 the board commenced a programme to find a replacement Director. Subsequent to an external search conducted by Fletcher Jones, a specialist recruitment firm, Julia Goh was appointed to the Board on March 11th 2022. Julia will perform the role of Head of the Audit Committee. The size of the Board will remain at four.

The Board has carried out a full review of the Code to ensure that the appropriate level of corporate governance is attained. The Board confirms that BGHL has complied with the provisions of the Code during the Year, with the following exceptions.

Firstly, there is no chief executive position within BGHL, nor any management committee. Being a closed-ended investment company whose Directors are all independent non-executives, BGHL has no employees and therefore no requirement for a chief executive nor management committee with executive responsibilities. Similarly, being externally managed, the Company does not have its own internal control function but instead places reliance on professional service providers acting in accordance with service contracts.

Secondly, there is no nomination or remuneration committee, with all proposed Director's appointments instead being considered by the full Board. The Chairman will not however be engaged in the selection process for his successor. Further information on Board committees and the Board's future plans is given below.

Thirdly, BGHL does not have a formal diversity policy. This is a function of the fact that the Company's remunerated officers are limited to the Directors. The composition and effectiveness of the Board is internally assessed on an annual basis. The periodic rotation or retirement of directors is a trigger event which initiates a formal search and selection process. This prioritises professional experience relevant to the needs of the company over other more subjective factors which do not lend themselves to formal assessment and testing. Whilst BGHL does not therefore have any policy of

Boussard & Gavaudan Holding Limited

Directors' Report

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positive discrimination in relation to age, gender or race, the company does recognise the value that different perspectives and outlooks can bring to quality of decision making. Accordingly, whilst remaining focussed on merit based appointments, the Board encourages and seeks to identify candidates who can also enhance the diversity of its composition.

The Board meets formally at least four times a year. In addition to these scheduled meetings, during the Year the Board has consulted the Investment Manager regularly. The Directors are satisfied that they have been kept fully informed of the investment performance, financial and operational controls, and other matters relevant to the business of BGHL. The Directors have access to the advice of the company secretary and have, where necessary to the furtherance of their duties, taken independent professional advice at the expense of BGHL.

The attendance record of the Directors is set out below:

	Quarterly Board	Ad hoc Board	Audit Committee	Management Engagement Committee	AGM	EGM
Meetings Attended:						
Andrew Henton	4/4	1/1	-	1/1	1/1	0
Andrew Howat	3/4	0/1	2/2	1/1	0/1	0
Sylvie Sauton	4/4	1/1	2/2	0/1	0/1	0
Bruce James	3/4	1/1	1/2	0/1	1/1	0

The focus at Board meetings is a review of investment performance, marketing and investor relations, risk management, general administration and compliance, peer group information and industry, regulatory and corporate governance issues. Board papers are circulated in advance, allowing the Directors the opportunity to add agenda items they consider appropriate for Board discussion. Each Director is required to inform the Board of any potential or actual conflicts of interest prior to Board discussions.

The letters of engagement of the Directors are available for inspection upon request of the Secretary at the registered office. The Board evaluates its performance and the performance of individual Directors on an annual basis by reference to the guidelines set out in the Code utilising questionnaires circulated by the Secretary, which require each director to review and comment on both their own and their fellow directors' performance. The results of those questionnaires are then discussed by the Board. The Chairman reviews and agrees with each Director their training and development needs, if any. Having performed this review in respect of the Year, the Board believes that the current mix of skills and experience of the Directors is appropriate to the requirements of BGHL. The Board is satisfied that it has the policies, processes, information, time and resources to function effectively and efficiently.

The Board has considered whether the Board evaluation should be externally facilitated. Acknowledging the relatively small size of the Board, that three of the four directors have been appointed within the last four years, it was agreed that the cost of external facilitation was not presently justified. This decision will be reviewed at least annually.

The Board confirms that there have been no material changes to the Chairman's commitments required to be disclosed to the Board or to be explained in this annual report.

BGHL has purchased Directors' and officers' liability insurance and intends to renew such insurance cover on an annual basis.

Directors' Interests and Remuneration

Each Director is required to inform the Board of any potential or actual conflicts of interest prior to Board discussions. 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 €30,000 other than the Chairman, who is entitled to receive €45,000 per annum, and the Chairman of the Audit Committee, who receives an additional fee of €7,500 per annum.

The Articles of the Company stipulate that fees paid to Directors shall not exceed €150,000 in aggregate without the approval of shareholders. Fees for Directors were reviewed and marked to market in 2020.

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.

The Company's remuneration policy is designed to ensure that the remuneration of Directors is set at a reasonable level commensurate with the duties and responsibilities of each Director and the time commitment required to carry out their roles effectively. Remuneration is such that the Company is able to attract and retain Directors of appropriate experience and quality. The fees paid to Directors reflect the experience of the Board as a whole and take account of the responsibilities attaching to each role given the nature of the Company's interests, as well as the level of fees paid

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by comparable investment trusts and companies. Directors are reimbursed for travel and subsistence expenses incurred in attending meetings or in carrying out any other duties incumbent upon them as directors of the Company.

Directors' Duties and Responsibilities

The Directors' responsibilities are as follows:

- statutory obligations and public disclosure; including the promotion of the success of the Company for the members as a whole;
- 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.

Committees of the Board

The Board has constituted two sub committees, an Audit Committee and a Management Engagement Committee, and publishes the terms of reference for both on its website.

The Board does not deem it necessary to appoint a nomination or remuneration committee because it comprises only four Directors, all of whom are independent. The Board considers any matters normally addressed in such committees.

Management Engagement Committee

A Management Engagement Committee was established in 2015 to oversee the performance of service providers, including the Investment Manager. It has defined terms of reference and duties and its members comprised Andrew Howat, Sylvie Sauton and Bruce James, with Mr Howat acting as permanent Chairman since 5 February 2018.

The latest review, undertaken in January 2022, was satisfactory, concluding that all service providers were performing their contracted duties as expected and that no changes to the Company's service providers were necessary or desirable.

As required by the Code, the Management Engagement Committee also considers conflicts of interests, including those resulting from significant shareholdings, and seeks to ensure that the influence of third parties does not compromise or override independent judgement. The Management Engagement Committee considers that conflicts of interests were generally managed well during the Year, although it is recognised that the Company has limited influence over the Investment Manager and cannot direct how the Concert Party deals with its own conflict of interest caused by its role as the Company's AIFM and status as a significant shareholder.

Audit Committee

An Audit Committee, with defined terms of reference and duties, has been established and comprised the following members as of 31 December 2021: Andrew Howat, Sylvie Sauton and Bruce James, with Mr Howat acting as permanent Chairman.

A separate Report of the Audit Committee setting out its duties and how it has fulfilled them is included later in this annual report. The Audit Committee monitors and reviews the principal risks facing the Company on a regular basis throughout the Year. BGHL considers that the Audit Committee's performance of its duties fulfils the requirements of the Code.

Principal and Emerging Risks and Uncertainties

BGHL's business model involves identifying and taking positions on assets whose market price does not reflect the Investment Manager's assessment of intrinsic value. As market prices trend towards the Investment 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. In this regard there has been no change to the investment strategy pursued by the Company. Additional risks are described in the Notes to the accompanying financial statements.

During COVID-19 pandemic the continued effective administration of the Company, and monitoring the Investment Manager's operations in relation to the Master Fund, have been significant areas of focus for the Board. All service providers successfully followed contingency and business continuity plans by which the disruption associated with "working from home" and social distancing have been mitigated. The impact of the pandemic on Level 3 assets valuations has been fully assessed. The pandemic remains a key risk whose long term impact on the Company cannot be predicted with any accuracy. Should any new variants of the virus spread more aggressively or become more virulent it may present risks to the operations of the Company, its Investment Manager and other major service providers. This could threaten both the ability of the Company to operate, the ability of investors to transact in the Company's securities and ultimately the ability of the Company to pursue its investment objective and purpose.

Boussard & Gavaudan Holding Limited

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Social and governance risk is continuing to be a second area of risk whereby positions are taken without a full recognition of climate change impacts, resulting in losses when the costs of any such exposures become apparent to markets. The additional risk is that the Company fails adequately to report against emerging environmental disclosure standards, thereby attracting criticism and loss of favour amongst shareholders. The Investment Manager's approach to ESG is described in the Investment Manager's Report above, and the Investment Manager believes it to be a source of competitive advantage when identifying opportunities for the Master Fund. The Board considers the Investment Manager to be fully engaged with the process of embedding ESG principles into its investment process, recognising the value thereof to Shareholders that this should deliver through NAV appreciation.

The most persistent risk identified by the Directors is lack of liquidity in BGHL's shares, exacerbating the discount to NAV at which they trade. This creates a potential arbitrage opportunity and threat to the long term future of the Company, notwithstanding the track record of strong NAV appreciation. The associated 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 or other non-financial risk. COVID-19 would fall into this category.

On 24 February 2022, Russia began a large-scale military invasion of Ukraine. World leaders have condemned Russia's attack on Ukraine, stating it has no foundation and is a breach of international law. At the time of writing, the invasion has already reported to have led to loss of life and significant damage to infrastructure. Allies to Ukraine have begun sanctions against Russia, including financial sanctions and export controls, intended to place pressure on Russia's economy. The conflict will have an impact on global markets and Russian assets have become particularly risky.

At the end of 2021, the portfolio had no exposure to Russian securities and Russian-related assets.

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 continue to trade at a discount to NAV. Albeit a function of supply and demand for BGHL's shares in the market that cannot be controlled by the Board, buy back activity during the Year was intended to mitigate – at least in part - the impact of supply side imbalance. The buy-back programme has remains highly value accretive to shareholders at prevailing prices.

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).

Boussard & Gavaudan Holding Limited

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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 Investment Manager and key service providers.

Emerging risks, along with all other risks the directors have identified the Company as being exposed to, are monitored via the Company’s risk register. During the year, as part of their regular review and assessment of risk, the Directors have also considered the impact of the emerging risk of climate change on the Company’s business model and long term viability, but do not consider this to be a material new risk at this time.

Risk Management and Internal Control Systems

The Management Engagement Committee conducted a review of BGHL’s system of internal controls in January 2022.

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, pre-empt 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 Management Engagement Committee conduct a detailed 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 were identified at the last inspection visit. 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 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. 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. Compliance reports are provided at each quarterly Board meeting by BGHL’s Secretary. 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 updated in accordance with the Packaged Retail and Insurance-based Investment Products (“PRIIPs”) regulation and are available at <https://www.bgholdingltd.com/priips.php>.

Long Term Viability

The principal risks facing BGHL are documented in the Business Risk Assessment and described above. The business model and investment strategy are described and evaluated in the Investment Manager’s report. The Board’s review of the effectiveness of BGHL’s risk management and internal control systems is described in the Audit Committee’s report.

Given the nature of its assets (mainly redeemable units in the Master Fund, which are themselves backed by a high proportion of liquid, tradeable assets) it would take a general failure in the effective and ongoing operation of financial markets (cessation of market liquidity) to threaten BGHL’s solvency. Such a market failure could prevent investments held by the Master Fund from being redeemed. This in turn would inhibit BGHL from being able to redeem its position in the Master Fund wholly or in part, and thereby leave it potentially unable to meet its trading obligations as they fall due. Notwithstanding the uncertainty caused by COVID-19 and its attendant global

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consequences, the fact that the operating expenses (excluding performance fees) of BGHL represent less than 2% of its NAV on an annual basis makes this risk remote.

The Board has conducted a robust assessment of the principal and emerging risks and uncertainties facing BGHL, and also assesses long term viability. The ongoing impact of COVID-19 pandemic has formed part of this assessment. The key risk to BGHL has been identified as a failure of the investment decision making process to generate NAV accretion that is in line with investor expectations, and which is attractive on a risk adjusted basis when compared with alternative managed investment opportunities.

BGHL's performance is measured on a monthly basis via both the NAV of its underlying investments and its share price. Key data inputs used by the Investment Manager when making investment decisions in the Master Fund (BGHL's principal investment) comprise company earnings (quarterly), macro factors (daily interest and currency exchange rates) and indicators of sentiment (yield curves and risk measures, such as the VIX index). Scenario stress tests are run on a monthly basis to measure potential "drawdowns" (i.e. reductions in NAV on a monthly basis) on the portfolio in the event of changes in the economic climate. These stress tests comprise severe but plausible scenarios and have been an integral part of the portfolio construction process for many years.

BGHL's performance is compared primarily to peer group funds on an annual basis, and performance fees payable to the Investment Manager are also calculated annually. The significant majority of investment positions taken by the Master Fund are in liquid assets that can be converted to cash readily in the market and great effort is made by the Investment Manager to minimise drawdowns and to maintain liquidity. This emphasis on short term position management is an important feature of the Master Fund's strategy. Given that BGHL's operating costs as a percentage of its realisable investment portfolio are low, and that it is a closed ended fund, the Directors consider there to be significant liquidity headroom available in all but the most extreme market failure scenarios.

Despite the emphasis on short term performance and resilience described above, not all investment positions are entered into with the expectation of them being unwound within twelve months. Moreover, the "repeatability" of the investment process is of fundamental importance. The Investment Manager has developed proprietary analytical tools and processes that it seeks to apply on a consistent basis over time when making investment decisions. In this way it seeks to generate positive risk adjusted returns using proprietary strategies that are sustainable for the medium to long term, such that performance is not predicated on the retention of "key persons". Such algorithms and tools are necessarily a function of market behaviour and asset pricing correlations, and hence subject to change over time.

Whilst the turnover of positions within the Master Fund is thus relatively short term in duration, the timeframe over which it is necessary to identify and respond to "paradigm shifts" in economic markets is longer term in nature. Factors such as government or central bank policies (e.g. quantitative easing) or external events (including wars and regional instability) can cause significant changes in investor sentiment, which can in turn alter market assessments of intrinsic value and correlations between different asset types. For these reasons, the Board considers a three-year time horizon to 30 April 2025 as being the appropriate period over which to assess future prospects and viability.

The Board has made a commitment that, if the Company's shares trade at an average discount in excess of 15 per cent over the financial year to 31 December 2022, the Board will propose a continuation vote (the "continuation vote") in 2023. The Board will invite the Concert Party to consider whether it will commit to abstain from voting on the continuation Vote and, if applicable, on any subsequent vote to liquidate the Company. Previously the Concert Party has declined to make any voting commitment in advance. Without their support, the Company will not have the shareholder support necessary to pass a special resolution to liquidate the Company.

On the basis of the relevant and rigorous assessment described above, the Board believes that BGHL will remain viable as a closed-ended investment company for at least the period ending 30 April 2025, whilst also remaining conscious that a continuation vote will be put to shareholders in 2023 following the AGM if the average discount then prevailing is greater than 15%.

Going Concern

The Board conducts a rigorous and proportionate assessment of BGHL's operational and financial risks with reference to cash flow requirements, and the liquidity of investments on a quarterly basis. BGHL incurs ongoing fees and expenses associated with its day to day operations, provides cash collateral under currency hedging transactions and uses cash to repurchase its own shares.

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, the redemption and conversion of shares, and repurchases by BGHL of its own shares. This is evidenced by a formal solvency statement. The Directors are confident that BGHL's assets exceed its liabilities and that BGHL has sufficient liquid assets to meet its liabilities as they fall due. Substantially all of the net assets of BGHL are currently invested in BGF shares. BGF shareholders have a monthly redemption right with 60 calendar day prior notice.

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The Directors have also reviewed the possible impact of an excessive number of redemption requests at the Master Fund level caused by market turmoil, perhaps triggered by the ongoing COVID-19 pandemic. Whilst any long-term liquidity lock up would impact the cash reserves of BGHL and its ability to meet its obligations, to date there have been no suspensions of redemption requests at the Master Fund level. If a gate was to be imposed by the Master Fund, at least 10% of any redemption request would continue to be honoured. This would allow BGHL to realise sufficient liquidity to meet its operating costs. To date, the market and wider socio-economic impacts of COVID-19 pandemic have not posed any significant stress either to BGHL or to the Master Fund.

After making enquiries, the Board has a reasonable expectation that BGHL has adequate resources to continue in operational existence for the period up to 30 April 2023.

Relations with Shareholders

The Board engages with institutional shareholders directly, as do both the Investment Manager and the Corporate Advisor. Shareholders continue to be 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 another Director attend BGHL's annual general meeting. Separate resolutions are proposed for each item at each general meeting of shareholders, including a vote on BGHL's annual financial report and the (re)appointment of directors. 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 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 publicised 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 by a poll. 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.

The Directors have continued to engage with shareholders remotely and discuss individual queries during the Year. Due to COVID-19 pandemic and measures introduced by governments worldwide to contain its spread it has not been possible to conduct physical meetings since the second calendar of quarter of 2020.

Section 172 Statement

The Code requires that the Company should understand the views of BGHL's key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the UK's Companies Act 2006 have been considered in Board discussions and decision-making.

The Company is a publicly traded fund whose objective is the delivery of consistent and uncorrelated returns of 400-600 bps net of fees above the "risk free rate" (defined as capitalised €STR) over the course of an economic cycle. The Company's strategy has not changed during the Year and is not expected to change since a consistent and disciplined application by the Investment Manager of its proprietary analytical investment processes is the determining driver of NAV appreciation. The Company has no employees and all of the directors are non-executive. The Board considers that its key stakeholders are its shareholders, its service providers, society and regulators.

During the course of the Year the Board continued to oversee previously implemented initiatives focused on promoting the success of the Company for the benefit of its shareholders as a whole. Highlights were as follows:

Longevity of Company – the Company has an unlimited life and, as described in the Company's viability statement, the Board has considered the prospects of the Company for the three year period up to April 2025 when considering the Company's long-term sustainability. A continuation vote will be put to shareholders at the 2023 AGM if the discount is then still greater than 15%;

Share buy-back programme – as described in the Directors' Report, a total of 1,273,500 Shares were bought back during the Year at an average discount of 19.8% for the benefit of Shareholders;

ESG factors – the momentum of ESG adoption in the asset management industry continued into 2021, as incoming regulations pushed asset owners to increase their demand for transparency. The investment manager has witnessed a growing number of investors require increased disclosure and has responded to requests by finalising the full integration of ESG factors in its investment process and expanding its ESG reporting. This is expected to have the dual benefits of supporting NAV growth for shareholders, and also (as ESG processes are further embedded within the wider investment sector) improving environmental outcomes by companies accessing capital via the public

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markets. In addition and in line with the full integration of ESG factors, the BG Master Fund's reclassification from Article 6 to Article 8 under SFDR has been approved by the Fund's regulator.

Asset valuation – the Company has one level 3 asset, RLI. The assessment of value continued to take account of the mismatch between RLI management's timescales for realising value, and BGHL's requirements for such value realisation. The Board was mindful of the lack of fit between RLI and the long term investment objective of the Company; and

High standards of business conduct – the Board has continued to work closely with its service providers during 2021 in order to oversee the maintenance of standards during the disruption associated with COVID-19 pandemic. As part of its annual review process, the Management Engagement Committee enquires about any incidents, breaches or other occurrences within its service providers that might create a reputational risk or other negative exposure for the Company.

The Board considers that there is a very low risk of modern slavery or human trafficking associated with the Company's activities given it has no employees, premises, manufacturing or other physical operations. Its suppliers are professional services providers, most of whom are regulated and none of whom operate in jurisdictions that have a poor record on modern slavery or human trafficking.

Statement of Directors' Responsibilities

The Directors are responsible for the preparation of financial statements in accordance with applicable Guernsey law and generally accepted accounting principles. Guernsey law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of BGHL as at the end of the year and profit or loss for that year.

The Directors are also responsible for ensuring that the annual report includes information required by the rules of the UK Listing Authority and Euronext. The Directors ensure that BGHL complies with the provisions of the Listing Rules and the Disclosure Guidance and Transparency Rules of the UK Listing Authority which, with regard to corporate governance, require BGHL to disclose how it has applied the principles, and complied with the provisions, of the Code.

In preparing those financial statements, the Directors should:

- Select suitable accounting policies and then apply them on a consistent basis;
- Make judgements and estimates that are reasonable;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is not appropriate to presume that BGHL will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of BGHL and to enable them to ensure that the financial statements comply with the Companies Law. They are also responsible for the system of internal controls for safeguarding the assets of BGHL and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Shareholders holding more than 3% of the shares in issue need to disclose their holdings to the AFM, the Dutch regulatory authority. The AFM discloses this information on its web site. The information can be found under the section "Register substantial holdings and gross short positions". Shareholders may use the following link to access the information directly:

<https://www.afm.nl/en/professionals/registers/meldingenregisters/substantiele-deelnemingen/details?id=22451>

The Directors consider the BGHL Annual Report and audited financial statements, taken as a whole:

- is fair, balanced and understandable; and
- provides the information necessary for shareholders to assess the BGHL's performance, business model and strategy.

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Directors' Report
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Audit Confirmation

So far as each of the Directors is aware, there is no relevant audit information of which BGHL's auditor is unaware and each Director has taken all reasonable steps he ought to have taken as a Director to make himself aware of any relevant information and to establish that BGHL's auditor is aware of that information.

By order of the Board

/s/ Andrew Howat
Chairman

/s/ Bruce James
Director

27 April 2022

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Report of the Audit Committee

For the year ended 31 December 2021

Role and responsibility

This is the report of the Audit Committee (herein the “**Committee**”) which has been prepared with reference to the Code and describes the work of the Committee in discharging its responsibilities.

BGHL established the Committee in compliance with the FCA’s Disclosure and Transparency Rule 7.1 and the Code. The Committee meets formally at least twice each year and on an ad hoc basis when required and reports to the Board. It has formally delegated duties and responsibilities with written terms of reference which are reviewed and reapproved annually. Those terms of reference are published on BGHL’s website at <http://www.bgholdingltd.com>

The Committee is mandated by the Board to investigate any activity within its terms of reference and to consult externally with legal or other independent professional advisors, as required, to ensure that the Committee adequately discharges its duties and responsibilities, which include:

- a) considering the appointment of the external auditor, its letter of engagement and the terms thereof, the audit fee, and any questions of resignation or dismissal of the external auditor;
- b) reviewing from time to time the effectiveness of the audit and the independence and objectivity of the external auditor;
- c) developing and implementing policy on the engagement of the external auditor to supply non-audit services where necessary, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- d) reviewing BGHL’s half-yearly and annual financial reports, not excepting the full Board’s responsibility over the reports, focusing particularly on:
 - Any changes in accounting policies and practice;
 - Major judgmental areas;
 - Significant adjustments arising from the audit;
 - The going concern assumption;
 - Compliance with accounting standards (and in particular accounting standards adopted in the financial year for the first time);
 - Compliance with applicable legal and regulatory requirements (including inter alia, those of the FCA, the London Stock Exchange, the Guernsey Financial Services Commission, the Companies Law, NYSE Euronext, and the Netherlands Authority for the Financial Markets);
 - A risk management review; and
 - Assessing the effectiveness of internal controls.
- e) discussing any problems and reservations arising from the final audit, and any other matters which the auditor may wish to discuss (in the absence of BGHL’s agents where necessary);
- f) reviewing the external auditor’s Report to the Audit Committee and determining whether any changes have to be implemented as a result;
- g) reviewing, on behalf of the Board, BGHL’s system of internal control (including financial, operational, compliance and risk management) and making recommendations to the Board;
- h) considering the major findings of internal investigations and management’s response;
- i) reviewing BGHL’s operating, financial and accounting policies and practices;
- j) considering any other matters specifically delegated to the Committee by the Board from time to time; and
- k) reporting to the Board on how it performs its duties and;
- l) confirming to the Board as to whether the Annual Report and audited financial statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess BGHL’s performance, business model and strategy.

The Committee may review any matter that it considers appropriate notwithstanding that it is not specifically mentioned in the above list of duties.

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Report of the Audit Committee

For the year ended 31 December 2021

Composition

The Committee comprised the following members as of 31 December 2021: Andrew Howat, Sylvie Sauton, and Bruce James with Mr Howat acting as permanent Chairman of the Committee. All members of the committee have relevant competence to the sector in which BGHL operates in addition to relevant financial experience as required by the Code. Bruce James became a member of the committee in March 2021. Julia Goh took over as chair of the committee on 11th March 2022 following her appointment to the board.

Only independent non-executive Directors serve on the Committee and the members do not have any links with BGHL's external auditor. They are also independent of the management teams of the Investment Manager, administrator and all other service providers. In addition, it meets the external auditor at least twice a year. The membership of the Committee and its terms of reference are kept under review.

Oversight of controls and risk management

The Board, via its Management Engagement Committee, conducts an annual Business Risk Assessment in conjunction with the Investment Manager. The intention of this exercise is to identify and articulate the material risks that might affect BGHL and its trading prospects, the likelihood of them occurring and their assessed impact. As part of this process the explicit controls intended to mitigate either or both of the risk of occurrence, or the impact of an occurrence, are also articulated. In this way a residual net impact assessment is derived.

Due to COVID-19 restrictions the Management Engagement Committee undertook a virtual conference with the Investment Manager to review and inspect operations. The Committee interviewed senior staff members responsible for the internal control and oversight functions, and who report as to the proper conduct of the business in accordance with the regulatory environment in which both BGHL and the Investment Manager operate.

The oversight programme followed a preplanned agenda and in January 2021 involved reviews of, inter alia (i) changes that had taken place within the Investment Manager's operation; (ii) IT systems and controls, including cyber security arrangements; (iii) regulatory compliance; (iv) investor relations; (v) the valuation of unquoted investments; (vi) the risk register, complaints, errors and breaches logs and business continuity arrangements; (vii) ESG and responsible investment policies; and (viii) the impact of external factors such as Brexit and COVID-19. Performance was assessed as satisfactory with no unacceptable or unanticipated risk exposures. The results of the oversight visit are documented.

As part of the oversight programme, both the Investment Manager and the Administrator report formally to the Committee at least annually on their systems of internal controls. In accordance with the provisions of the Code, the Committee has conducted a review of those systems of internal controls and is satisfied that they are sufficient to withstand the risks to which BGHL is subject.

As BGHL is a closed-ended investment company, all of whose Directors are non-executive, and as all executive functions have been delegated to professional third party advisors, the Committee does not consider it necessary for BGHL to have its own internal audit function. Whilst no reliance can be placed on them, reviews conducted on the Investment Manager's operations by independent custodians, and on site due diligence visits by prospective investors and their professional advisers, provide a degree of additional comfort.

Whilst BGHL does not have any staff, the Committee considers that the arrangements by which staff of the Investment Manager and the Administrator may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters are of great importance. The Committee reviews such arrangements annually and, as required by the Code, is satisfied that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

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Report of the Audit Committee
For the year ended 31 December 2021

Significant issues considered regarding the Annual Financial Report

In discharging its responsibilities, the Audit Committee has specifically considered the following significant issues relating to the financial statements:

Significant issue	How the issue was addressed
Valuation of BGHL's investments	<p>The Board reviews portfolio valuations on a regular basis throughout the Year, and at quarterly meetings with the Investment Manager seeks assurance that the pricing basis is appropriate and in line with relevant accounting standards. BGHL's net asset value is calculated on a daily basis by the Sub-Administrator.</p> <p><u>Rasaland investment</u></p> <p>Rasaland is the sole remaining unlisted and level 3 asset in the BGHL portfolio. This position is not immediately realisable and requires valuation based on third party assessments and judgements. Consideration was given as to whether the selected basis of valuation was reasonable and fair.</p> <p>Historically, the valuation used has been based on calculations produced by the management of that company. A key input is land valuations produced independently of management by a third party. Consistent application of the valuation mechanic used by RLI management is verified by reporting accountants, although this verification does not of itself opine on the resultant valuation.</p> <p>A c.78% provision was made against the net asset value at 31 December 2021 representing the fair value calculated using the tender price. The Audit Committee remains of the view that a provision reflecting illiquidity is appropriate given BGHL's intention to trade out of the position before RLI management deliver final liquidity to investors. The quantum of the provision reflects the differential between the respective time horizons of BGHL and RLI management for value realisation. This is considered to have implications for the manner in which fair value should be assessed, and greater emphasis has been placed on realisable value than intrinsic value.</p> <p>There remains no immediate threat to solvency and going concern within RLI, and there are physical land assets to underpin the valuation. The provision against the reported valuation in 2021 is considered fair.</p> <p><u>BG Fund investment</u></p> <p>The Audit Committee concluded that the NAV for the Master Fund remained the appropriate basis of valuation.</p> <p>The original impact of COVID-19 on financial markets was significant, reflecting disruption to international supply chains, the interruption of production generally, delays in corporate activity and investment, uncertainty about the availability of financing and increased volatility in the value of financial instruments. The Audit Committee has considered the particular circumstances of the Company in light of the broad effects of COVID-19, in particular the associated risk exposures and implications for financial reporting.</p> <p>As an investment company, the Company does not have employees, customers or suppliers in a conventional sense. Reliance is however placed on service providers, principally the Investment Manager and the Administrator. The Committee has been kept apprised of business continuity measures enacted by these key service providers and is receiving updates in relation to any emergent risks, vulnerabilities and the continued effectiveness of internal controls. Information flows between the Investment Manager and other advisers have been effective and a key component of oversight in prevailing conditions. Both the Board and the Investment Manager are maintaining dialogue with shareholders in order to provide transparency.</p>

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Report of the Audit Committee
For the year ended 31 December 2021

<p>COVID-19</p>	<p>The continued nature of the global pandemic, and uncertainty about its long term economic impact is still valid. The Committee took note of the fact that NAV has continued to perform within the bounds predicted by stress testing scenarios notwithstanding the unprecedented nature of the disruption inflicted on societies and businesses by the disease. The derivative instruments used to provide downside protection are “over the counter” (“OTC”) and remain capable of being priced by reference to third party market sources, thereby supporting valuations. The Committee remains vigilant in considering potential adverse effects that might challenge the Investment Manager’s models and asset allocation style.</p> <p>The Committee reviews information provided by the Investment Manager in relation to the COVID-19 pandemic and believes the Company is meeting regulatory and broader stakeholder requirements for financial and other public disclosures.</p>
<p>Completeness and accuracy of the disclosures in the financial statements</p>	<p>The Audit Committee concluded that all appropriate and required disclosures have been incorporated in the financial statements, and drew comfort from the fact that multiple layers of oversight exist to achieve this objective. Specifically, the sub-administrator, administrator, Investment Manager and external auditor have all performed their own checks for completeness.</p> <p>The Audit Committee continues to give particular attention to the extent of disclosures about the underlying portfolio of the Master Fund. Risk measures, sensitivities and performance are driven by the make up of that portfolio and hence additional disclosures about it are appropriate to permit a full understanding of the accounts. However, BGHL does not have direct influence over the Master Fund and the Committee remains concerned to ensure that the correct balance gets struck between disclosing the drivers of performance, without inviting users of the financial statements to conflate BGHL with the Master Fund.</p>
<p>Presentation of financial statements</p>	<p>The Audit Committee considered the complexity of the financial statements in their entirety, and the descriptive narrative supporting the financial disclosures. It was recognised that the sophistication of the investment strategies pursued by BGHL do not lend themselves to description in “plain English” and that the use of technical terminology was not always consistent with the goals of ensuring transparency and maximising ease of understanding.</p> <p>On balance the Audit Committee concluded that the benefits of accurate - but detailed - descriptive narrative outweighed the possible benefit of simplified summaries. The nature of the shareholder base (predominantly sophisticated professional investors) was an important factor in reaching this conclusion.</p>

Going concern

The Audit Committee reviewed the assumptions upon which it is assumed that BGHL can continue to operate on a going concern basis. These assumptions include the significant COVID-19 issue. In so doing, it assessed outstanding financial obligations and calls on BGHL’s resources, investment performance and the meeting of shareholders’ expectations.

Auditor and audit tenure

BGHL’s auditor has acted in this role since 2006, but there have been partner rotations in 2014 and 2019. The Committee, in conjunction with the Board, is committed to reviewing this appointment on a regular basis to ensure that BGHL is receiving an optimal level of service. The appointment of the auditor is reviewed annually, and the Committee is satisfied that sufficient safeguards are put in place by the auditor to mitigate risks associated with long association such as regular partner rotation. There are no contractual obligations which restrict BGHL’s choice of auditor. Notwithstanding the Board’s satisfaction that the auditor remains independent, it had been the intention of the Company to initiate a tender programme during 2021. The Board however did not feel it prudent to pursue this until such time as the disruption caused by COVID-19 pandemic had subsided. Subsequently the board has decided to defer the process until the result of the continuation vote is known.

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Report of the Audit Committee

For the year ended 31 December 2021

The Committee does not award any non-audit work other than the review of its interim financial statements for the half year ended 30 June and the work required for the provision of the ESEF filing. The full Board would have to approve any other non-audit work. Where non-audit services are provided by the auditor, these engagements are pre-approved by the Committee to ensure that the auditor's independence and objectivity is not breached and a recommendation is made to the Board. Whilst interim reviews of financial information are considered to be a non-audit service, the Committee did not consider that this role undermined auditor independence. No other non-audit services were provided in 2021.

The Committee considered the experience and tenure of the audit partner and staff and the nature and level of services provided. The Committee received confirmation from the auditor that it had complied with the relevant UK professional and regulatory requirements on independence.

Assessment of the external audit process

The Committee considers the nature, scope and results of the auditor's work and monitors the independence of the external auditor. Formal reports are received from the auditor on an annual basis relating to the extent of their work. The work of the auditor in respect of any significant audit issues and consideration of the adequacy of that work is discussed.

The Chairman of the Committee liaises with the Investment Manager, the Administrator and the Sub-Administrator to discuss the extent of audit work completed to ensure all matters of risk are covered, while the Committee assesses the quality of the draft financial statements prepared by the Sub-Administrator.

The Committee has an active involvement and oversight of the preparation of both half yearly and annual financial statements. Ultimate responsibility for reviewing and approving the annual financial report remains with the Board.

Conclusion in respect of the Annual Report and audited financial statements

The production of BGHL's Annual Report and audited financial statements is a comprehensive process requiring input from a number of different parties. One of the key governance requirements is that BGHL's Annual Report and audited financial statements be fair, balanced and understandable. The Board has requested that the Committee advise on whether it considers that the annual financial report fulfil these requirements.

As a result of the work performed, the Committee recommended that the Board should conclude that the Annual Report and audited financial statements for the Year, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess BGHL's performance, business model and strategy and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Directors' Report above.

/s/ Julia Goh
Chair of Audit Committee
27 April 2022

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Alternative Investment Fund Managers Directive Report

For the year ended 31 December 2021

Background

The AIFMD came into force on 22 July 2013, although there was a transitional period for compliance by existing AIFMs and AIFs until 21 July 2014 under the UK's Alternative Investment Fund Managers Regulations, 2013 (the "AIFMD Regulations"). The objective of the AIFMD is to introduce a common regulatory regime for funds marketed in or into the EU which are not regulated under the UCITS regime, with a view to increased investor protection and to enable European regulators to obtain increased information in relation to funds being marketed in or into the EU to assist their monitoring and control of systemic risk issues.

BGHL is not marketed in the EU and therefore does not fulfill the definition of an AIF. However, the Board has chosen to voluntarily adopt the requirements of AIFMD and AIFMD regulations for the Year.

BGHL is not marketed in the EU and therefore is not in scope of the EU Sustainable Finance Disclosure Regulation (the "SFDR Regulation").

As the Investment Manager is established in the United Kingdom, it is a non-EU-based AIFM throughout the Year. Since 1 January 2021, the Investment Manager is no longer an EU-based AIFM. Although the Investment Manager was within the scope of AIFMD, BGHL is a non-EU AIF not currently marketed in the EU, so the depositary rules in Article 21 of the AIFMD and the transparency requirements of Articles 22 (annual report) and 23 (Disclosure to investors) of the AIFMD do not apply to BGHL. However, on the advice of the Investment Manager the Board wishes to provide the BGHL shareholders with the information below.

1. Material changes in the disclosures to investors

During the Year, there were no material changes to the information required to be made available to investors before they invest in BGHL under Article 23 (Disclosure to investors) of the AIFMD.

2. Presentational changes to the income and expenditure account

Note 12 to financial statements details the realised and change in unrealised gain /loss at asset type level as per the AIFMD requirements.

3. Risk management policy note

The current risk profile of BGHL, the main features of the risk management systems employed by Investment Manager to manage those risks and the measures to assess the sensitivity of BGHL's portfolio to the most relevant risks are set out in the Investment Manager's Report and in Note 4 to the financial statements.

4. Leverage and borrowing

BGHL is entitled to employ leverage in accordance with its investment policy and as described in the section entitled "Gearing" reproduced in the Investment Manager's Report. The investment policy does not restrict the types and sources of leverage.

Derivatives are used by BGHL for the purpose of hedging the exposure on assets denominated in currencies other than the Euro.

Collateral and asset re-use

The investment policy does not restrict collateral and asset "re-use" arrangements.

Leverage limits and usage

BGHL is subject to the following leverage limits:

- 200% of the Net Asset Value as described in the "Gearing" section of the investment policy.
- 200% of the Net Asset Value as per the AIFMD's "commitment method",
- 200% of the Net Asset Value as per the AIFMD's "gross method"

5. Liquidity arrangements

BGHL is a closed-ended AIF with the ability to employ leverage, which has two implications on its liquidity management:

- BGHL has no redemption-related liquidity management requirements.

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Alternative Investment Fund Managers Directive Report

For the year ended 31 December 2021

- The Investment Manager monitors the liquidity risk and ensures that the liquidity profile of BGHL's investments complies with BGHL's underlying obligations. BGHL's liquidity risk, obligations and liquidity sources are described in Note 4c (liquidity risk).

Within the meaning of AIFMD:

- There were no "new arrangements for managing the liquidity" of BGHL during the reporting Year.
- BGHL has no "assets subject to special arrangements arising from their illiquid nature".

6. Disclosures on Securities Financing Transactions and Total Return Swaps

BGHL, being managed by an EU-based AIFM throughout the Year, is subject to the European Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse.

BGHL does not use securities financing transactions nor total return swaps.

7. AIFM Remuneration Policy

Remuneration reporting requirements under the AIFMD Regulations are effective once a first full year period has been completed. Given that BGHL decided to voluntarily comply with the AIFMD Regulations with effect from 21 July 2014, these requirements apply to BGHL.

The Investment Manager (the "AIFM") Remuneration Policy is designed to support a pay for performance philosophy and reward eligible colleagues for both team and individual performance against specific goals in line with the needs of the business. All employees share in the responsibility for financial success and the growth of the business. The Remuneration Policy links individual objectives directly to the goals of the business. A participant's actual incentive pay-out will be based on both funding results and business distribution approach. Incentive funding takes into consideration financial performance of a participant's business as well as the Investment Manager overall financial performance. The Investment Manager has a pay for performance philosophy and expects differentiated rewards based on individual performance and contributions. Therefore, distribution of the funded incentive pool is intended to deliver differentiated incentives to the highest performers. Management discretion may be used in determining the funding and the final pay-out. An incentive pay-out is not an entitlement or guarantee, it is designed to enlist and encourage the right actions/behaviours, and reward based on results. All staff receive fixed remuneration in the form of basic pay to ensure that the fixed and variable components are appropriately balanced. The element of basic pay is sufficiently high to allow the operation of a fully flexible policy on variable remuneration including allowing no variable remuneration component being paid. The remuneration policy includes the following features: deferral over 3 years, awards in instruments, at least 50% in shares, retention of the shares for 6 months, and potential application of malus and clawback provisions.

Total remuneration paid to staff of the AIFM during the financial period ending 31 March 2021:

Fixed remuneration*: €9,227,000

Variable remuneration*: €16,388,000

Number of staff: 83

Aggregate remuneration of senior management*: €8,291,000

Aggregate remuneration of employees whose actions have a material impact on the risk profile of the AIFs managed by the AIFM*: €11,718,000

*Remuneration figures reflect an approximation of the portion of remuneration reasonably attributable to the AIFs.

The numbers cover the period from 31 March 2020 to 31 March 2021.

Boussard & Gavaudan Holding Limited
Management Report
For the year ended 31 December 2021

A description of important events which have occurred during the Year, their impact on the performance of BGHL as shown in the financial statements and a description of the principal risks and uncertainties facing BGHL, together with an indication of important events that have occurred since the end of the Year and BGHL's likely future development is given in the report of the Investment Manager, the Directors' report and the Notes to the financial statements. They are considered to be incorporated here by reference.

There were no material related party transactions which took place in the Year, other than those disclosed in the report of the Investment Manager and in Note 6 to the financial statements.

The Directors confirm that to the best of their knowledge:

- (a) The financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of BGHL as at and for the Year and,
- (b) This management report (including the information incorporated by reference) includes a fair review of the development and performance of BGHL and its position at the Year end, together with a description of the principal risks and uncertainties that BGHL faces.

By order of the Board

/s/ Andrew Howat
Chairman

/s/ Bruce James
Director

27 April 2022

Boussard & Gavaudan Holding Limited

Report of Independent Auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOUSSARD & GAVAUDAN HOLDING LIMITED

Opinion

We have audited the financial statements of Boussard & Gavaudan Holding Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included;

- Confirming our understanding of the Directors and Investment Manager's going concern assessment process by engaging with the Investment Manager early in the audit process to ensure all key factors were considered in their assessment in its going concern reporting which forms the basis for the Directors' assessment;
- Obtaining the Investment Manager's going concern assessment which comprised a cashflow forecast for the going concern period to 30 April 2023, acknowledging the liquidity of the investment in BG Fund and the significant net asset position, and tested the forecast for arithmetical accuracy;
- Challenged the appropriateness of the Investment Manager's forecasts by applying sensitivities to understand the impact on liquidity of the Company;
- Holding discussions with the Investment Manager and the Board on whether events or conditions exist that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern;
- Assessing the assumptions used in the going concern assessment prepared by the Investment Manager and considering whether the methods utilised were appropriate for the Company;
- Reading the going concern disclosures included in the annual report and financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 30 April 2023.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Boussard & Gavaudan Holding Limited

Report of Independent Auditor

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> Valuation of Level 2 investments
Materiality	<ul style="list-style-type: none"> Overall materiality of €3.7m which represents 1% of total equity.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

The Company has explained climate-related risks in the 'Highlights and review of the development of the business' section of the Investment Manager's Report and Financial Highlights and form part of the "Other information", rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether these disclosures are materially inconsistent with the Company's financial statements, or our knowledge obtained in the course of the audit, or otherwise appear to be materially misstated.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Fair value of Level 2 Investments is not properly determined (2021: €375.3 million, 2020: €364.6 million)</p> <p>Refer to the Report of the Audit Committee on page 26, Accounting policies Note 2 on page 44 and Note 3 of the Financial Statements on page 49.</p> <p>Over 99% of the fair value of investments relate to the Company's holding in the BG Fund.</p> <p>The valuation of the investments is the principal driver of the Company's net asset value and total comprehensive income. Incorrect valuation could have a significant impact on the net asset value of the Company.</p>	<ul style="list-style-type: none"> We have updated and confirmed our understanding of the Company's valuation processes, methodology and accounting policies for its investments; We have confirmed the Net Asset Value ("NAV") at the reporting date with the independent administrator of BG Fund; We have recalculated the fair value of the investment in BG Fund based on the number of units held and NAV at the reporting date confirmed by administrator; We have observed liquidity in BG Fund and confirmed the NAV represented the exit price at which the Company redeemed part of its investment around the year end date; and 	<p>We reported to the Audit Committee that, overall, the valuation of the Company's investment in the underlying Partnership was materially correct and in accordance with IFRS</p>

Boussard & Gavaudan Holding Limited

Report of Independent Auditor

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	<ul style="list-style-type: none"> We have obtained a copy of the signed annual report and Financial Statements of the BG Fund for the year ended 31 December 2021 and agreed the NAV per unit to this. 	

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be €3.7 million (2020: €3.6 million), which is 1% (2020: 1%) of total equity. We believe that total equity provides us with an appropriate basis for audit materiality as this is a key published performance measure and is a key metric used by management in assessing and reporting on the overall performance of the Company.

During the course of our audit, we reassessed initial materiality and noted that total equity had increased from €347.0 million at 30 June 2021 to €365.6 million as at 31 December 2021. This resulted in a higher materiality of €3.7 million compared to €3.5 million that was originally determined at the audit planning stage.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2020: 75%) of our planning materiality, namely €2.7 million (2020: €2.7 million). We have set performance materiality at this percentage due to the investment strategy remaining consistent with our previous experience and limited identification of audit findings in previous periods.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €0.2 million (2020: €0.2 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Boussard & Gavaudan Holding Limited

Report of Independent Auditor

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 22;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 21;
- Directors' statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities, set out on page 23
- Directors' statement on fair, balanced and understandable set out on page 24;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 19;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 21; and;
- The section describing the work of the audit committee set out on page 26.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Boussard & Gavaudan Holding Limited

Report of Independent Auditor

However, the primary responsibility for the prevention and detection of fraud rests with those charged with governance of the Company.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are
 - The Companies (Guernsey) Law, 2008
 - The UK Corporate Governance Code
 - The 2019 AIC Code of Corporate Governance
 - Financial Conduct Authority ("FCA") Listing Rules
 - Disclosure Guidance and Transparency Rules ("DTR") of the FCA
 - The listing rules of Euronext Amsterdam
- We understood how the Company is complying with those frameworks by making enquiries of the Investment Manager and those charged with governance regarding:
 - their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
 - the Company's methods of enforcing and monitoring non-compliance with such policies;
 - management's process for identifying and responding to fraud risks, including programs and controls the Company has established to address risks identified by the entity, or that otherwise prevent, deter and detect fraud; and
 - how management monitors those programs and controls.
- Administration and maintenance of the Company's books and records is performed by JTC Fund Solutions (Guernsey) Limited (Administrator and Corporate Secretary) and SS&C Financial Services, LLC (Sub-Administrator) which are regulated firms, independent of the Investment Manager and the Company. We corroborated our enquiries through our review of Board minutes and any correspondence received from regulatory bodies. We also obtained their SOC1 controls reports and bridging letters for the period not covered by the reports, and reviewed them for findings relevant to the Company. We noted no contradictory evidence during these procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by:
 - obtaining an understanding of entity-level controls and considering the influence of the control environment;
 - obtaining management's assessment of fraud risks including an understanding of the nature, extent and frequency of such assessment documented in the Company's risk register;
 - making inquiries with those charged with governance as to how they exercise oversight of management's processes for identifying and responding to fraud risks and the controls established by management to mitigate specifically those risks the entity has identified, or that otherwise help to prevent, deter and detect fraud;
 - making inquiries with management and those charged with governance regarding how they identify related parties including circumstances related to the existence of a related party with dominant influence; and
 - making inquiries with management and those charged with governance regarding their knowledge of any actual or suspected fraud or allegations of fraudulent financial reporting affecting the Company.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures involved a review of board minutes, inquiries of the Investment Manager and those charged with governance, and focused testing, including:
 - Through discussion, gaining an understanding of how those charged with governance, the Investment Manager, Administrator and Sub-Administrator identify instances of non-compliance by the Company with relevant laws and regulations;
 - Inspecting the relevant policies, processes and procedures to further our understanding;
 - Reviewing Board minutes and internal compliance reporting;
 - Inspecting correspondence with regulators; and

Boussard & Gavaudan Holding Limited

Report of Independent Auditor

- Obtaining relevant written representations from the Board of Directors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- Following the appointment by the directors, we were appointed by the Company at its annual general meeting on 14 August 2007 to audit the financial statements for the period ending 31 December 2007 and subsequent financial periods. .
- The period of total uninterrupted engagement including previous renewals and reappointments is 14 years and 5 months, covering the period from initial appointment to 31 December 2021.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

/s/ Richard Geoffrey Le Tissier

*For and on behalf of Ernst & Young LLP
Guernsey, Channel Islands
27 April 2022*

Notes:

1. The maintenance and integrity of the Boussard & Gavaudan Holding Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Boussard & Gavaudan Holding Limited
Statement of Financial Position
As at 31 December 2021

	Note	31 Dec 2021 €	31 Dec 2020 €
Assets			
Investments at fair value through profit or loss			
Cost: €180,116,178 (2020: €198,740,566)	3	376,435,851	365,610,630
Unrealized gain on forward derivatives contracts	3	53,891	197,195
Due from brokers	14	540,000	530,000
Cash and cash equivalents		497,157	2,615,428
Total assets		<u>377,526,899</u>	<u>368,953,253</u>
Liabilities			
Unrealized loss on forward derivatives contracts	3	24,140	-
Due to brokers	14	229	1,225,051
Performance fees payable	8	10,391,558	8,788,664
Management fees payable	8	1,373,118	1,312,323
Other liabilities		106,400	179,761
Total liabilities		<u>11,895,445</u>	<u>11,505,799</u>
Equity			
Share capital		199,707,928	199,708,055
Treasury shares		-	(5,444,132)
Retained earnings		165,923,526	163,183,531
Total equity		<u>365,631,454</u>	<u>357,447,454</u>
Total equity and liabilities		<u>377,526,899</u>	<u>368,953,253</u>
Net asset value per share:			
Class A EURO shares outstanding 12,387,061 (2020: 13,493,269)		<u>€ 29.2003</u>	<u>€ 25.9356</u>
Class A GBP shares outstanding 130,254 (2020: 294,494)		<u>£25.3052</u>	<u>£22.7685</u>

The financial statements on pages 40 to 59 were approved by the Board of Directors on 27 April 2022 and signed on its behalf by:

/s/ Andrew Howat
Chairman

/s/ Bruce James
Director

The accompanying notes on pages 44 to 59 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited
Statement of Comprehensive Income
For the year ended 31 December 2021

	Note	31 Dec 2021 €	31 Dec 2020 €
Income			
Net realised gain on financial assets and liabilities at fair value through profit or loss	12	22,232,139	12,968,106
Change in unrealised gain on financial instruments at fair value through profit or loss	12	29,282,166	32,989,815
Net gain on financial assets at fair value through profit or loss		51,514,305	45,957,921
Other realised and unrealised foreign currency gain		7,435	17,337
Other income	3.1	-	2,285,196
Total income		51,521,740	48,260,454
Expenses			
Interest expense on cash equivalents		2,798	3,973
Performance fees	8	10,391,558	8,788,663
Management fees	8	5,342,007	5,110,080
Administrative fees	7	153,968	141,321
Directors fees	6	137,139	88,028
Professional fees		88,316	107,165
Audit fees		84,170	82,549
Other expenses		229,115	230,628
Total expenses		16,429,071	14,552,407
Net profit before tax		35,092,669	33,708,047
Taxation			
Withholding tax		-	-
Net profit and total comprehensive income		35,092,669	33,708,047
Basic and diluted earnings per share			
Class A EURO €33,777,905 Profit / 12,567,377 shares (2020: €33,664,993 Profit / 14,162,580 shares)		€ 2.6877	€ 2.3770
Class A GBP £1,126,218 Profit / 280,807 shares, (2020: £33,973 Profit / 325,201 shares)		£4.0106	£0.1045

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

All activities are of a continuing nature.

The accompanying notes on pages 44 to 59 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited
Statement of Changes in Equity
For the year ended 31 December 2021

	Share Capital	Distributable Reserve	Treasury Shares	Retained Earnings	Total Equity
	€	€	€	€	€
2021					
Balance as at 1 January 2021	199,708,055	-	(5,444,132)	163,183,531	357,447,454
Net gain attributable to ordinary shares	-	-	-	35,092,669	35,092,669
Treasury shares acquired	-	-	(26,908,669)	-	(26,908,669)
Treasury shares cancelled	(127)	(32,352,674)	32,352,801	-	-
Transfer to retained earnings	-	32,352,674	-	(32,352,674)	-
Balance as at 31 December 2021	199,707,928	-	-	165,923,526	365,631,454

	Share Capital	Distributable Reserve	Treasury Shares	Retained Earnings	Total Equity
2020					
Balance as at 1 January 2020	199,708,196	-	(5,266,580)	154,283,208	348,724,824
Net gain attributable to ordinary shares	-	-	-	33,708,047	33,708,047
Treasury shares acquired	-	-	(24,985,417)	-	(24,985,417)
Treasury shares cancelled	(141)	(24,807,724)	24,807,865	-	-
Transfer to retained earnings	-	24,807,724	-	(24,807,724)	-
Balance as at 31 December 2020	199,708,055	-	(5,444,132)	163,183,531	357,447,454

The accompanying notes on pages 44 to 59 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited
Statement of Cash Flows
For the year ended 31 December 2021

	Note	31 Dec 2021	31 Dec 2020
		€	€
<u>Cash flows from operating activities</u>			
Net profit and total comprehensive income		35,092,669	33,708,047
Adjustments to reconcile net profit to net cash used in operating activities:			
Unrealised gain on financial instruments at fair value through profit and loss	12	(29,282,166)	(32,989,815)
Realised gain on financial instruments at fair value through profit and loss	12	(22,232,139)	(12,968,106)
Other income		-	(2,285,196)
(Increase)/decrease in due from brokers		(10,000)	320,000
Decrease in due to brokers		-	(118)
Increase in performance fee payable		1,602,894	8,788,664
Increase/(decrease) in management fee payable		60,795	(392,948)
(Decrease)/increase in other liabilities		(73,361)	92,432
Net cash used in operating activities		(14,841,308)	(5,727,040)
<u>Cash flows from investing activities</u>			
Sales of investments at fair value through profit or loss	3.2	40,300,001	29,100,000
Cash distribution received from investments at fair value through profit or loss		-	2,285,196
Net cash provided by investing activities		40,300,001	31,385,196
<u>Cash flows from financing activities</u>			
Treasury shares acquired		(28,133,491)	(23,760,582)
Net sales/(purchases) of foreign exchange forward derivative contracts	12	556,527	(323,333)
Net cash used in financing activities		(27,576,964)	(24,083,915)
Cash and cash equivalents			
Beginning of the period		2,615,428	1,041,187
Net movement in cash and cash equivalents		(2,118,271)	1,574,241
Cash and cash equivalents at Dec 2021		497,157	2,615,428
Supplementary information			
Interest paid		(2,798)	(3,973)

The accompanying notes on pages 44 to 59 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2021

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.

Neither of BGHL and BGF have or have ever had any employees or own or has ever 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 IFRS and with legislation and rules pertaining to Amsterdam Euronext and London Stock Exchange for listed companies, as well as in accordance with the Companies Law.

The accounting policies have been applied consistently by BGHL and are consistent with those used in the previous year. Major accounting policies are described below.

Going Concern

As set out in the Directors' Report, the Board has a reasonable expectation that BGHL has adequate resources to continue in operational existence for the period ending 30 April 2023. The Investment Manager is comfortable that BGHL currently has enough liquidity to meet all expenses over the coming 12 months. Performance fees are paid annually in March. In order to generate the necessary liquidity to pay expenses, BGHL redeems shares in the Master Fund on a regular basis. BGHL's has a monthly redemption right with 60 calendar day prior notice to redeem those shares. A long-term liquidity gating at the Master Fund level would still allow BGHL to receive at least 10% of any redemption request and to meet its expenses. Therefore, the financial statements have been prepared on a going concern basis.

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New standards, amendments and interpretations issued but not effective for the financial Year beginning 1 January 2021 and not early adopted by BGHL

IAS 1 'Presentation of financial statements' Classification of Liabilities as Current or Non-current. The International Accounting Standards Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The effective date is for annual periods beginning on or after 1 January 2023. The standard is not expected to have a material impact on the financial statements or performance of BGHL.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2. In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by: replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The effective date is for annual periods beginning on or after 1 January 2023. BGHL is in the process of assessing the amendments to the standard but it is not expected to have a material impact on the financial statements or performance of BGHL.

Definition of Accounting Estimates - Amendments to IAS 8. In February 2021, the IASB issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The effective date is for annual periods beginning on or after 1 January 2023. The standard is not expected to have a material impact on the financial statements or performance of BGHL.

There are no other 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 2021 and adopted by BGHL

There are no standards, amendments to standards or interpretations that are effective for periods beginning on 1 January 2021 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

Carrying value of all financial assets and liabilities are reasonable approximation of the fair values. 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.

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.

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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.

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 and liabilities 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 as they are held for trading;
- 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 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.

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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.

BGHL's policy is to determine that any transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting Year.

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.

The 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.

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, the expected credit loss ("ECL") is negligible. Investments held at fair value through profit or loss are not subject to IFRS 9 impairment requirements.

For 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 not offset in the statement of financial position. However they are eligible to offset 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.

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.

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Taxation

Current income tax assets and liabilities for the current Year 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 holds 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 Year. 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.

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3. Fair value of financial instruments

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

31 December 2021	Level 1	Level 2	Level 3	Total Fair Value	Total Cost
Financial assets at fair value €:					
BG Fund	-	375,349,958	-	375,349,958	177,456,689
Private equity investments	-	-	1,085,893	1,085,893	2,659,489
Sub-Total €	-	375,349,958	1,085,893	376,435,851	180,116,178
Derivatives					
Forward foreign exchange contracts	-	53,891	-	53,891	-
Sub-Total €	-	375,403,849	1,085,893	376,489,742	180,116,178
Financial liabilities at fair value €:					
Derivatives					
Forward foreign exchange contracts	-	(24,140)	-	(24,140)	-
Total €		375,379,709	1,085,893	376,465,602	180,116,178
31 December 2020	Level 1	Level 2	Level 3	Total Fair Value	Total Cost
Financial assets at fair value €:					
BG Fund	-	364,601,372	-	364,601,372	196,081,077
Private equity investments	-	-	1,009,258	1,009,258	2,659,489
Sub-Total €	-	364,601,372	1,009,258	365,610,630	198,740,566
Derivatives					
Forward foreign exchange contracts	-	197,195	-	197,195	-
Total €	-	364,798,567	1,009,258	365,807,825	198,740,566

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 €	31 December 2021	31 December 2020
Opening Balance	1,009,258	4,472,406
Unrealised gain/(loss)	76,635	(3,463,148)
Closing Balance	1,085,893	1,009,258

The above tables present the movements in Level 3 investments. There were no transfers between levels for the Year.

Rasaland Investors Plc (“RLI”)

RLI is classified as a Level 3 asset for valuation purposes.

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. The administrator Francis J. Vassallo & Associates, performs an annual valuation each 31 December. In addition, on an annual basis RLI commissions PricewaterhouseCoopers to undertake an agreed upon procedure to verify the consistency and accurate application of various aspects of the agreed valuation methodology.

In June 2020, RLI’s life term was extended until January 2027. The Investment Manager has received a strong indication that RLI will not realize its remaining assets until 2030 at the earliest. BGHL’s exit, if it wishes to exit before the expected term, is likely to be on the secondary market, at a material discount to the net asset value.

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The life extension is one of the drivers of the Investment Manager's application of a significant discount to carrying value, and motivator for looking to the secondary market for an exit.

In July 2020, RLI made a tender offer for a fixed price per share of US\$0.12270. 11.71% of the Shareholders brought their shares to the offer. Given the significance of the transaction and RLI's long term horizon, the Investment Manager's valuation committee has decided to use the tender price to fair value its RLI position. It implies a significant discount to the NAV per share published by RLI's administrator.

RLI	NAV per share \$ as of 31 Dec 2021	BGHL Valuation	Discount %
Price	0.55617	0.12270	(77.94)%

In 2021, no material information or event has required a change to the decision and the position continues to be valued at the tender price.

As of 31 December 2021, a 25% increase or decrease in the NAV after the applied discount rate would result in an increase/decrease of profits of €271,473 (31 December 2020: €252,314).

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.

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 direct and indirect investments of the Master Fund is disclosed in the tables 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 comparable. Indirect investments refer to the proportion of Level 3 investments of the BG Select Investments (Ireland) Limited, a subsidiary fully owned by the Master Fund.

Master Fund % AUM (*)	31 Dec 2021	31 Dec 2020	Variation %
Level 3	2.93%	7.21%	(4.28)%
of which Investment Manager's Valuation	0.42%	0.87%	(0.45)%

Source: Administrator, SS&C Financial Services LLC

BG Select Investments %AUM of Master fund (*)	31 Dec 2021	31 Dec 2020	Variation %
Level 3	9.72%	7.31%	2.41%
of which Investment Manager's Valuation	1.84%	1.73%	(0.02)%

Source: Administrator, SS&C Financial Services LLC

Total exposure in % AUM (*)	31 Dec 2021	31 Dec 2020	Variation %
Level 3	12.65%	14.52%	(1.87)%
of which Investment Manager's Valuation	2.26%	2.6%	(0.47)%

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.

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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 all quantitative information relating to the underlying investments held by the Master Fund in its financial statements. General information about the Master Fund's exposure can be found in the Investment Manager's Report.

Umbrella Fund

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

BGHL's holdings	31 Dec 2021	31 Dec 2020
Voting shares - Umbrella Fund	14.20%	18.31%

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

Investment by BGHL into BGF in €	31 Dec 2021	31 Dec 2020
Subscriptions	-	-
Redemptions	(40,300,001)	(29,100,000)
Change in holding	(40,300,001)	(29,100,000)

As at 31 December 2021 and 31 December 2020 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.

Risk measurement and reporting system

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy including the risk that BGHL is willing to accept and the market environment of BGHL. In addition, BGHL monitors and measures the overall risk in relation to the aggregate risk exposure across all risk types and activities.

BGHL is substantially invested in the Master Fund, which represents over time between 80% and 110% of its Net Asset Value. Prima facie, this creates a concentration risk. This concentration risk is addressed by the fact that the Master Fund has wide discretion to invest across different asset classes and to pursue different strategies, and therefore has the benefit of diversification inherently embedded within it. However, the considerable discretion to allocate assets within the Master Fund is of itself a risk since it is theoretically possible for that vehicle to take highly concentrated positions. This risk is managed by the scenario analysis that is performed as part of the stress testing processes. These tests are intended to identify concentration risk which may exist within the Master Fund. The tests are described in the Directors' report.

BGHL has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Master Fund's maximum level of leverage in accordance with the gross and commitment methods as required under AIFMD is expressed as a percentage of NAV, are 700% under the commitment method and 2,000% under the gross method.

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Further commentary on risks and the management of risk is contained within the Investment Manager's report.

Market Risk

BGHL is exposed to market risk directly from the investments it makes and indirectly as a result of the types of investments that the Master Fund makes. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market variables.

Market risk consists of equity price risks, foreign currency risks and interest rate risks and is discussed in the below sections.

Price risk

Price risk is the risk of changes in the fair values of equities or equity-linked financial instruments as the result of changes in the levels of equity indices and the value of individual shares. Price risk exposure arises from BGHL's investments in equity securities. BGHL takes significant equity price risk from the investments it makes. At 31 December 2021, should the price of BGF and investments other than BGF have increased/decreased by 10% with all other variables remaining constant, the effect on profit and loss for the Year and on net assets would result in an increase/decrease of approximately €37,643,585 (2020: €36,561,063).

The above impact includes BGHL's indirect exposure to the Master Fund's price risk.

Interest rate risk

BGHL is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its Statement of Financial Position and Statement of Cash Flows. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. Volatility in interest rates could make it more difficult or expensive for BGHL to obtain debt financing, and could negatively cause the prices of long or short positions to move in directions not initially anticipated and could decrease the returns that BGHL's investments generate.

BGHL has no significant exposure to short term interest rate risk in the current or prior year. BGHL is also indirectly exposed to interest rate risk through its exposure in the Master Fund.

Foreign currency risks

Foreign currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency hedge of the Sterling Shares

BGHL uses forward foreign exchange contracts with maturities of less than three months to hedge the sterling share class exposure in order to provide Sterling shareholders with Sterling equivalent of the Euro performance.

Portfolio currency hedge

BGHL's investments in currencies other than the Euro are hedged by the Investment Manager using forward currency contracts which are commitments either to purchase or sell a designated currency at a specified future date for a specific price and may settle in cash or another financial asset. Forward currency contracts are individually traded over-the-counter contracts which result in credit exposure to the counterparty. Forward currency contracts result in exposure to market risk based on changes in market prices relative to contracted amounts. Market risks arise due to the possible movement in foreign currency exchange rates. BGHL uses forward foreign exchange contracts with maturities up to three months to hedge its private equity investments which are denominated in foreign currencies.

Notional amounts are the underlying reference amounts to foreign currencies upon which the fair value of the forward contracts held by BGHL are based. While notional amounts do not represent the current fair value and are not necessarily indicative of the future cash flows of BGHL's forward contracts, the underlying price changes in relation to the variables specified by the notional amounts affect the fair value of these derivative financial instruments.

Forward foreign exchange contracts settle on a net basis and the net amount at 31 December 2021 was receivable €29,751 (2020: receivable €197,195). The table below summarises BGHL's exposure to foreign currency risks:

Portfolio Currency Exposure - Amounts in €	31 December 2021		31 December 2020	
	GBP	USD	GBP	USD
Investments at fair value through profit or loss	-	1,085,893	-	1,009,258
Due from brokers	15,012	16,481	55,473	2,296,261
Foreign exchange forward derivatives contracts	3,942,196	(1,173,001)	7,350,961	(3,370,579)
Net FX exposure of the portfolio	3,957,208	(70,627)	7,406,434	(65,060)
Net assets effect -5% change in currency	(197,860)	3,531	(370,322)	3,253

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Sterling Share Currency Exposure - Amounts in €	31 December 2021		31 December 2020	
	GBP	USD	GBP	USD
Foreign exchange forward derivatives contracts – hedge	3,942,196	-	7,350,961	-
Value of sterling shares	(3,925,786)	-	(7,491,023)	-
Net FX exposure	16,410	-	(140,062)	-
Sterling Share Net Assets effect -5% change in currency	(820)	-	7,003	-

At 31 December 2021, BGHL had contracted to buy and sell the foreign exchange amounts:

Purchase Currency	Unit	Sale Currency	Unit	Settlement Date	Unrealised gain/(loss) (€)
EUR	1,148,402	USD	(1,334,200)	2/3/2022	(24,140)
GBP	3,310,000	EUR	(3,888,290)	1/6/2022	53,891
Total					29,751

At 31 December 2020, BGHL had contracted to buy and sell the foreign exchange amounts:

Purchase Currency	Unit	Sale Currency	Unit	Settlement Date	Unrealised gain/(loss) (€)
EUR	3,537,760	USD	(4,125,000)	2/3/2021	168,878
GBP	6,580,000	EUR	(7,322,738)	1/6/2021	28,317
Total					197,195

BGHL is also indirectly exposed to foreign exchange risk through its exposure in the Master Fund.

(b) Liquidity risk

Liquidity risk is the risk that BGHL will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments.

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.

BGHL's financial commitments are represented from time to time by:

- interest, fees and other expenses payable
- amounts payable for the share buy-backs
- amounts due under forward foreign exchange contracts

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 last year end, there were no material change in the contractual undiscounted cash outflows for financial liabilities.

All financial liabilities of BGHL at 31 December 2021 are shown on an undiscounted basis in the following maturity table.

In EURO	31 December 2021			
	< 1 month	1 to 3 months	4 months to 1 year	> 1 year
Foreign exchange forwards	(24,140)	-	-	-
Due to brokers	(229)	-	-	-
Performance fees Payable	-	(10,391,558)	-	-
Management fee payable	-	(1,373,118)	-	-
Other payables	(106,400)	-	-	-
Total financial liabilities	(130,769)	(11,764,676)	-	-
In EURO	31 December 2020			
	< 1 month	1 to 3 months	4 months to 1 year	> 1 year
Due to brokers	(1,225,051)	-	-	-
Performance fees Payable	-	(8,788,664)	-	-
Management fee payable	-	(1,312,323)	-	-
Other payables	(179,761)	-	-	-
Total financial liabilities	(1,404,812)	(10,100,987)	-	-

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(c) *Credit risk*

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with BGHL.

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 and balances due from brokers are also subject to the impairment requirements of IFRS 9, there has been no expected credit loss ("ECL") recognised. Investments held at fair value through profit or loss is not subject to IFRS 9 impairment requirements.

For receivables 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 ECL on receivables is not material and therefore no impairment adjustments were accounted for.

Amounts appearing in the Statement of Financial Position as due from and due to brokers, which contribute to credit risk and which are detailed by main categories in the following table.

31 December 2021	Gross amount € Due from Brokers	Gross amount € Due to Brokers	Net amount due €
Unsettled trades	-	(229)	(229)
Cash held with custodians	497,157	-	497,157
Cash Collateral	540,000	-	540,000
Gain/(loss) on forward contract	53,891	(24,140)	29,751
Total €	1,091,048	(24,369)	1,066,679

31 December 2020	Gross amount € Due from Brokers	Gross amount € Due to Brokers	Net amount due €
Unsettled trades	-	(1,225,051)	(1,225,051)
Cash held with custodians	2,615,428	-	2,615,428
Cash Collateral	530,000	-	530,000
Gain/(loss) on forward contract	197,195	-	197,195
Total €	3,342,623	(1,225,051)	2,117,572

Unsettled trades

BGHL is exposed to the credit risk of the counterparties, brokers, dealers and exchanges with which it deals, whether BGHL engages in exchange-traded or off-exchange transactions. BGHL's principal trading activities are primarily with brokers and other financial institutions located in Europe. At the end of the Year, substantially all the investments in securities owned and securities sold, not yet purchased, due from brokers and due to brokers, are positions with and amounts due to or from these brokers. BGHL may be subject to the risk of loss of assets placed on deposit with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions, or the bankruptcy of an exchange clearing house. BGHL's exposure to brokers/dealers is with reputable broker/dealers.

Amounts receivable or payable for securities transactions that have not settled at the Year end are reflected under the line unsettled trade. The nominal amount is the maximum exposure. Most of the transactions settle on a delivery versus payment basis. The risk on unsettled trades is the difference between the contractual price and the replacement price of the transaction if the counterparty were to default. Dividends receivable from brokers are at risk for their full nominal amount. All securities transactions of BGHL are cleared by major securities firms pursuant to customer agreements.

Cash held with custodian

BNP Paribas Securities Services SA ("BPSS") was appointed by BGHL to act as custodian, and is responsible for the safe custody of those assets held by BGHL through BPSS. BPSS is a wholly-owned subsidiary of BNP Paribas SA. The Custodian is entitled to receive a fee from BGHL based on an agreed percentage per annum of the assets held in custody. BPSS is a large financial institution having investment grade ratings from the major rating agencies.

Off balance sheet risk in relation to over-the-counter derivatives

Participants on over-the counter markets are not subject to credit valuation and regulatory oversight as are members of "exchange-based" markets. BGHL may invest in over-the-counter transactions in these markets, and may take a

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credit risk with regard to parties with which it trades and may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions described above.

Transactions entered into directly between two counterparties generally do not benefit from these protections, which in turn may subject BGHL to the risk that a counterparty does not settle a transaction in accordance with agreed terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem. Counterparty risk is increased for contracts with longer maturities when events may intervene to prevent settlement. The ability of BGHL to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase the potential for losses to BGHL. BGHL's exposure to counterparty risk associated with counterparty non-performance on over-the-counter derivatives is generally limited to the fair value of over the counter contracts reported as assets which are not covered by an equivalent collateral amount and to the independent amounts requested by counterparties to cover the risk of a derivative contract. Counterparty risk exposure is monitored daily. The risk management system gives real time marked to market position, collateral and risk exposure. All of BGHL's exposures to counterparties are with reputable financial institutions which are at least single A investment grade rated from the major rating agencies.

There are no assets and liabilities held at Year end, other than FX forwards which are subject to offsetting. The rights of set off under the master netting agreements with respect to BGHL's recognized financial assets and recognized financial liabilities included in the below table under the heading 'Gross amounts not offset in the Statement of Financial Position' are as below:

- If on any date identical amounts are payable by each party to the other in the same currency and in respect of the same transaction then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged. However, if the aggregate amount payable by one party exceeds the payable by the other, then the party liable to larger amount will pay the excess amount to other party.

- In respect of two or more transactions, the parties may elect that a net amount will be determined in respect of all amounts payable on the same date and in the same currency. This election may be made separately for different groups of transactions, usually except for FX transactions and currency options.

- In case of early termination (such as in the case of default), the amounts payable will be subject to set off. The net amount payable or receivable will be the sum of the settlement amount in respect of the terminated transactions and the termination currency equivalent of the unpaid amounts payable to the other party less the termination currency equivalent of the unpaid amounts receivable from the other party.

The following table provides disclosure regarding the potential effect of offsetting of recognized assets and liabilities presented in the statement of financial position:

Description	31 December 2021	
	Derivatives Assets €	Derivatives Liabilities €
Gross Amounts of Recognized Assets	53,891	(24,140)
Gross Amounts Offset in the SFP*	-	-
Net Amounts of Assets presented in the SFP	53,891	(24,140)
Gross Amounts Not Offset in the SFP: Financial Instruments	(24,140)	24,140
Gross Amounts Not Offset in the SFP: Cash Collateral Received/Posted	-	-
Net Amount €	29,751	-

Description	31 December 2020	
	Derivatives Assets €	Derivatives Liabilities €
Gross Amounts of Recognized Assets	197,195	-
Gross Amounts Offset in the SFP*	-	-
Net Amounts of Assets presented in the SFP	197,195	-
Gross Amounts Not Offset in the SFP: Financial Instruments	-	-
Gross Amounts Not Offset in the SFP: Cash Collateral Received/Posted	-	-
Net Amount €	197,195	-

*SFP: Statement of Financial Position

BGHL is also indirectly exposed to credit risk through its exposure in the Master Fund.

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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.

6. Related Party transactions

The relationship between BGHL and the Investment Manager and the fees earned are disclosed in Note 8.

A review of fees was conducted during 2020 and following an analysis of amounts paid to Directors of similar listed companies the Chairman's annual fee was increased to €45,000 from April 2021, and fees to other Directors increased to €30,000. The Chair of the Audit Committee continued to receive an additional fee of €7,500.

The Chairman is currently entitled to an annual fee of €45,000 (2020: €38,000) and each Director to an annual fee of €30,000 (2020: €20,000). The Chairman of the audit committee is entitled to receive an additional fee of €7,500 (2020: €7,500) per annum.

As of 31 December 2021, Directors Sylvie Sauton and Andrew Henton are invested respectively for 6,177 and 6,000 (31 December 2020: 6,177 and 6,000) in shares of BGHL.

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.

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. As of 31 December 2021 the administration expenses during the Year was €153,968 (31 December 2020: €141,321) and payable at the end of the Year was €33,394 (31 December 2020: €29,741). From 1 January 2021, the amount of fees for administration services increased, with the fee payable to JTC Fund Solutions (Guernsey) Limited subject to a minimum of £94,250 per annum.

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 and is paid annually. 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 Year the Management fees and the Performance fees were as follows:

	31 December 2021		31 December 2020	
	Expense during the year €	Payable at the end of the year €	Expense during the year €	Payable at the end of the year €
Management Fees	5,342,007	1,373,118	5,110,080	1,312,323
Performance Fees	10,391,558	10,391,558	8,788,663	8,788,663

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9. Expense Ratio

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

Year ended	AUM € year Average	Management Fees	Administration & Depositary Fees	Other Fees	Expense Ratio
31 December 2021	352,733,212	1.51%	0.04%	0.15%	1.71%
31 December 2020	340,469,182	1.50%	0.04%	0.15%	1.69%

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 Year there was no class C shares in issue.

Allotted, issued and fully paid

The share capital detail as of 31 December 2021 is as follows:

Class A Shares	Euro Shares				Sterling Shares	
	Share balances	Issued and fully paid	Treasury Shares	Outstanding Shares		% Treasury Shares (*)
At 1 January 2020		15,104,678	(300,000)	14,804,678	1.99%	398,542
Repurchase of own shares(*)	-	-	(1,415,966)	(1,415,966)	-	-
Share Cancelled	(1,429,532)	-	1,429,532	-	-	-
Share conversions	104,557	-	-	104,557	-	(104,048)
At 31 December 2020		13,779,703	(286,434)	13,493,269	2.08%	294,494
Repurchase of own shares(*)	-	-	(1,273,500)	(1,273,500)	-	-
Share Cancelled	(1,559,934)	-	1,559,934	-	-	-
Share conversions	167,292	-	-	167,292	-	(164,240)
At 31 December 2021		12,387,061	-	12,387,061	0.00%	130,254

(*) 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. Authority to repurchase 8% of the issued share capital was sought and granted at the annual general meeting held on 23 September 2021. 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.

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 or her.

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. 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.

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In EURO	31 December 2021	31 December 2020
Ireland	51,048,587	49,623,983
United Kingdom	382,419	(203,381)
Rest of the world	90,734	(1,160,148)
Total	51,521,740	48,260,454

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

In EURO	31 December 2021	31 December 2020
Equity securities	51,125,222	48,446,031
Derivative financial instruments	389,083	(202,914)
Foreign exchange gains on financial instruments not at fair value through profit or loss	7,435	17,337
Total	51,521,740	48,260,454

12. Net realised and change in unrealised gain and loss on financial assets and liabilities:

Realised gain on financial assets and liabilities at fair value through profit or loss €	31 December 2021	31 December 2020
Realised gain/(loss)		
Equity securities	21,675,612	13,291,439
Derivatives – Foreign Exchange Forward	556,527	(323,333)
Net realized gain on financial assets and liabilities at fair value through profit or loss	22,232,139	12,968,106

Change in unrealised gain or loss on financial assets and liabilities at fair value through profit or loss €	31 December 2021	31 December 2020
Change in unrealised gain/(loss)		
Equity securities	29,372,975	36,332,546
Derivatives – Foreign Exchange Forward	(167,444)	120,417
Change in unrealised gain/(loss)		
Equity securities	76,635	(3,463,148)
Net change in unrealised gain/(loss)	29,282,166	32,989,815

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 (2020: £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 €540,000 (2020: €530,000) of cash pledged as collateral on forward foreign exchange contracts. Amount due to brokers include €229 (2020: €1,225,051) on repurchase of own shares and €24,140 on forward foreign exchange contracts under financial liabilities.

15. Changes in liabilities arising from financing activities

	Foreign exchange forward derivatives contracts
Balance at 1 January 2021	-
Cash flows	556,527
Changes in fair value	(580,667)
Balance at 31 December 2021	(24,140)

	Foreign exchange forward derivatives contracts
Balance at 1 January 2020	-
Cash flows	(323,333)
Changes in fair value	323,333
Balance at 31 December 2020	-

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The 'Changes in fair values' row above includes realised gain/(loss) on foreign exchange forward derivatives contracts and unrealised (gain)/loss on foreign exchange forward derivatives contracts under financial liabilities.

16. Subsequent Events

On 24 February 2022, Russia began a large-scale military invasion of Ukraine. World leaders have condemned Russia's attack on Ukraine, stating it has no founding and is a breach of international law. At the time of writing, the invasion has already reported to have led to loss of life and significant damage to infrastructure. Allies to Ukraine have begun sanctions against Russia, including financial sanctions and export controls, intended to place pressure on Russia's economy. The conflict will have an impact on global markets and Russian assets have become particularly risky.

At the end of 2021, the portfolio had no exposure to Russian securities and Russian-related assets.

Since 11 March 2022, Andrew Howat is assuming the role of Chairman of the Company, replacing Andrew Henton who has retired as a director after having served on the Board for ten years. On the same day, Julia Goh has been appointed as a non-executive director, replacing Andrew Howat as Chair of the Audit Committee. She is also a member of the Management Engagement Committee.

17. Approval of financial statements

The financial statements were approved and authorized for issue by the Board on 27 April 2022, at which date these financial statements were considered final.