

OVERVIEW

Estimated AUM €352m

Firm AUM €2.5bn

Share price €21.30
(discount to NAV: 19%)

BGHL is a closed-ended investment company which invests in BG Fund, Boussard & Gavaudan's flagship fund with 17 years of track record.

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 is "capitalized EONIA".

BG Fund is driven by bottom-up fundamental and event catalyst research, combined with extensive multi-asset arbitrage and derivative expertise. Typically, investment ideas are catalyst driven with a focus on special situations and events.

Capital is dynamically allocated to the firm's best ideas and these ideas are categorized into four main types of strategies: Equity, Volatility, Credit and Trading strategies.

NAV PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	0.99%	0.67%*											1.66%*
2020	1.12%	2.55%	-10.12%	4.98%	1.41%	1.70%	1.25%	-0.25%	1.93%	1.45%	4.37%	2.98%	13.26%
2019	-0.41%	-0.58%	1.04%	-0.76%	0.59%	0.95%	1.92%	1.57%	-1.66%	-0.54%	0.79%	1.14%	4.07%
2018	0.70%	1.34%	-0.60%	-0.58%	0.03%	-0.25%	-2.92%	0.18%	0.49%	-2.35%	-1.40%	-0.88%	-6.15%
2017	0.59%	1.55%	0.08%	3.78%	1.16%	-0.07%	0.43%	-0.11%	-0.52%	-0.13%	-1.16%	0.22%	5.87%
2016	0.48%	2.02%	1.18%	0.70%	1.68%	-0.59%	0.78%	0.47%	-0.01%	-1.08%	0.09%	1.32%	7.22%
2015	2.96%	1.15%	-0.36%	1.12%	2.06%	-1.92%	3.56%	0.87%	-1.47%	0.80%	4.80%	1.25%	15.65%
2014	2.81%	-0.01%	-0.74%	1.62%	1.53%	-0.58%	0.08%	0.52%	-1.08%	-0.93%	3.16%	0.37%	6.85%
2013	0.89%	0.74%	-0.59%	0.24%	1.27%	0.83%	0.96%	0.47%	1.07%	1.57%	2.28%	3.14%	13.60%
2012	3.90%	2.01%	-0.16%	0.54%	-0.61%	-0.32%	0.12%	1.29%	0.04%	0.83%	0.42%	1.08%	9.45%
2011	0.71%	0.57%	2.16%	0.01%	-0.05%	-0.85%	-0.80%	-0.20%	-2.17%	2.49%	-3.92%	-0.39%	-2.58%
2010	1.35%	0.59%	1.62%	0.81%	-1.10%	1.00%	2.11%	-0.32%	0.79%	2.11%	0.04%	1.97%	11.49%
2009	3.34%	-0.17%	1.20%	5.01%	4.17%	0.92%	1.91%	2.63%	2.92%	1.47%	0.30%	0.69%	27.15%
2008	-2.10%	-0.01%	-2.32%	0.78%	1.29%	-2.98%	-1.19%	0.32%	-10.49%	1.67%	1.55%	1.09%	-12.30%
2007	3.13%	1.45%	4.68%	0.73%	1.38%	-2.27%	0.85%	-2.21%	-0.32%	1.82%	-2.16%	-1.38%	5.56%

Annualized Performance
+7.00%* since inception

Annualized Volatility
5.24%* since inception

Sharpe Ratio
1.22* since inception

**Beta to Euro Stoxx 50®
(Total Return)**
0.04* since inception

*Performance displayed is for EUR share class net of fees with income reinvested. Performance data is estimated and unaudited.

PERFORMANCE REVIEW

BGHL and BG Fund ended the month up +0.67% (EUR share class) and +0.54% (USD A share class) respectively vs Euro Stoxx 50® Total Return (4.54%).

		Equity Strategies Special Situations	Equity Strategies Catalyst & Value	Credit Strategies	Volatility Strategies	Trading Strategies
BG Fund Capital Allocation		24%	33%	19%	12%	11%
BG Fund Performance	Feb 2021	0.31%	-0.56%	0.40%	0.69%	-0.29%
Attribution	Year-to-date	0.10%	-0.63%	0.69%	1.15%	-0.13%

CORPORATE UPDATE

Since the restart of the share buyback program on 17 December 2019, the firm has bought back 2,163,466 shares. The current number of shares outstanding excluding treasury shares for both the EUR and GBP share classes is 13,340,263.

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Risk warning: Past performance is no guide to future performance. The value of holdings may fall as well as rise and investors may not get back their initial investment. Performance displayed is for the EUR share class net of fees with income reinvested and is calculated on a NAV to NAV basis. Performance data is estimated and unaudited. All figures are correct as of 26th February 2021 unless otherwise stated.

Source: Bloomberg, Boussard & Gavaudan.

BOUSSARD & GAVAUDAN HOLDING LIMITED

I. COMPANY INFORMATION

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

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

II. OVERVIEW

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



III. SHARE INFORMATION as of 26 February 2021

Net Asset Value (NAV)	Euro share	Sterling share
Estimated NAV*	€ 26.3674	£23.0307
Estimated month to date return*	0.67%	0.52%
Estimated year to date return*	1.66%	1.15%
Estimated inception to date return*	163.67%	130.31%

Market information	Amsterdam (AEX)	London (LSE)
EUR share Market close	€ 21.30	-
EUR share Premium / discount to estimated NAV	-19.22%	-
Sterling share Market close	-	£18.00
Sterling share Premium / discount to estimated NAV	-	-21.84%

Transactions in own securities purchased into treasury	Euro share	Sterling share
Number of shares	150,000	-
Average Price	€ 21.20	-
Range of Price	-	-

Ordinary Shares	Euro share	Sterling share
Shares issued	13,195,769	294,494
Shares held in treasury	150,000	0
Shares outstanding	13,045,769	294,494

	BGHL
Total value of the investments of BGHL based on the estimated NAV for the shares outstanding	€ 352 million
Market capitalisation of BGHL based on the share price for the shares outstanding Amsterdam (AEX) market close for the Euro Share and London (LSE) market close for the Sterling share	€ 284 million

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

IV. BGHL TRACK RECORD

BGHL Track Record – Historical NAV Returns Summary (Net of Fees)														
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
BGHL EUR NAV														
2006	-	-	-	-	-	-	-	-	-	-	2.27%	2.82%	5.15%	5.15%
2007	3.13%	1.45%	4.68%	0.73%	1.38%	-2.27%	0.85%	-2.21%	-0.32%	1.82%	-2.16%	-1.38%	5.56%	11.00%
2008	-2.10%	-0.01%	-2.32%	0.78%	1.29%	-2.98%	-1.19%	0.32%	-10.49%	1.67%	1.55%	1.09%	-12.30%	-2.66%
2009	3.34%	-0.17%	1.20%	5.01%	4.17%	0.92%	1.91%	2.63%	2.92%	1.47%	0.30%	0.69%	27.15%	23.77%
2010	1.35%	0.59%	1.62%	0.81%	-1.10%	1.00%	2.11%	-0.32%	0.79%	2.11%	0.04%	1.97%	11.49%	37.99%
2011	0.71%	0.57%	2.16%	0.01%	-0.05%	-0.85%	-0.80%	-0.20%	-2.17%	2.49%	-3.92%	-0.39%	-2.58%	34.42%
2012	3.90%	2.01%	-0.16%	0.54%	-0.61%	-0.32%	0.12%	1.29%	0.04%	0.83%	0.42%	1.08%	9.45%	47.12%
2013	0.89%	0.74%	-0.59%	0.24%	1.27%	0.83%	0.96%	0.47%	1.07%	1.57%	2.28%	3.14%	13.60%	67.14%
2014	2.81%	-0.01%	-0.74%	1.62%	1.53%	-0.58%	0.08%	0.52%	-1.08%	-0.93%	3.16%	0.37%	6.85%	78.59%
2015	2.96%	1.15%	-0.36%	1.12%	2.06%	-1.92%	3.56%	0.87%	-1.47%	0.80%	4.80%	1.25%	15.65%	106.55%
2016	0.48%	2.02%	1.18%	0.70%	1.68%	-0.59%	0.78%	0.47%	-0.01%	-1.08%	0.09%	1.32%	7.22%	121.45%
2017	0.59%	1.55%	0.08%	3.78%	1.16%	-0.07%	0.43%	-0.11%	-0.52%	-0.13%	-1.16%	0.22%	5.87%	134.46%
2018	0.70%	1.34%	-0.60%	-0.58%	0.03%	-0.25%	-2.92%	0.18%	0.49%	-2.35%	-1.40%	-0.88%	-6.15%	120.05%
2019	-0.41%	-0.58%	1.04%	-0.76%	0.59%	0.95%	1.92%	1.57%	-1.66%	-0.54%	0.79%	1.14%	4.07%	128.99%
2020	1.12%	2.55%	-10.12%	4.98%	1.41%	1.70%	1.25%	-0.25%	1.93%	1.45%	4.37%	2.98%	13.26%	159.36%
2021	0.99%	0.67%*											1.66%*	163.67%*
BGHL GBP NAV														
2008	-	-	-	-	-	-	-1.45%	-0.08%	-9.09%	0.16%	4.51%	3.69%	-2.84%	-2.84%
2009	1.88%	0.16%	0.52%	3.86%	3.22%	0.52%	1.62%	2.72%	2.97%	1.09%	0.28%	0.40%	20.91%	17.48%
2010	1.22%	0.40%	1.58%	0.72%	-1.43%	0.76%	2.01%	-0.36%	0.65%	1.97%	-0.17%	1.89%	9.57%	28.72%
2011	0.68%	0.37%	1.99%	-0.10%	-0.11%	-1.31%	-0.93%	-0.27%	-2.71%	2.37%	-4.46%	-0.45%	-5.00%	22.28%
2012	3.87%	2.14%	-0.32%	0.58%	-0.66%	-0.33%	0.13%	1.01%	0.04%	0.81%	0.39%	1.05%	8.98%	33.26%
2013	0.93%	0.71%	-0.60%	0.22%	1.11%	0.85%	0.94%	0.46%	1.05%	1.45%	2.20%	3.06%	13.04%	50.64%
2014	2.73%	-0.05%	-0.81%	1.60%	1.43%	-0.65%	0.04%	0.43%	-1.08%	-1.00%	2.46%	0.14%	5.29%	58.61%
2015	2.85%	1.10%	-0.41%	1.12%	1.91%	-1.97%	3.04%	0.91%	-1.41%	0.79%	4.31%	1.17%	14.08%	80.95%
2016	0.09%	2.09%	1.24%	0.75%	1.70%	-0.49%	0.84%	0.54%	0.04%	-1.02%	0.07%	1.38%	7.44%	94.40%
2017	0.63%	1.58%	0.13%	3.77%	1.29%	-0.06%	0.51%	-0.04%	-0.50%	-0.08%	-1.10%	0.30%	6.52%	107.08%
2018	0.76%	1.41%	-0.54%	-0.50%	0.09%	-0.19%	-2.78%	0.28%	0.58%	-2.23%	-1.29%	-0.79%	-5.14%	96.44%
2019	-0.29%	-0.47%	1.14%	-0.64%	0.68%	1.05%	2.06%	1.65%	-1.44%	-0.42%	0.89%	0.78%	5.05%	106.36%
2020	0.88%	2.03%	-10.50%	4.68%	1.43%	1.62%	1.01%	-0.19%	1.85%	1.32%	4.04%	2.56%	10.33%	127.69
2021	0.63%	0.52%*											1.15%*	130.31%*

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

V. BGHL COMPOSITION

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

As of 1 March 2021, 99.50% of BGHL net asset value is invested in BG Fund. BGHL has a maximum exposure limit to BG Fund of 110%. The remained BGHL net asset value is made up of direct investment and cash.

A. BG FUND

BG Fund continued its steady returns delivering another positive month in February up +0.54% (USD A estimate). While the Eurostoxx 50® Total Return recovered its January losses ending up +4.54% for the month, equity markets in general experienced a significant rotation in the second half of February as rising bond yields triggered a rotation from growth and momentum into cyclical and value.

Credit markets tightened slightly with iTraxx Crossover® (S34) finishing February at 265bps (4bps tighter), and implied volatility decreased moderately with VStoxx® ending the month at 26.9%, down from 29%. Overall sentiment is constructive as vaccine distribution continues to improve, albeit more slowly in some regions than others. The outlook for corporate activity in Europe remains strong. We expect this picture to continue to improve as economies re-open, although there is scope for further volatility in markets and this remains priced into the relatively high levels of implied vol.

COMMENTARY

Volatility strategies

Mandatory convertible bond arbitrage

Mandatory convertible bonds contributed +9bps this month with performance mainly due to a general positive repricing in a market with relatively low liquidity. Although there was no primary activity during the month we are hopeful that current levels of corporate and capital market activity will lead to new issues in due course.

Convertible bond arbitrage

Convertible bonds (excl. mandatories) contributed +10bps to the performance of the fund in February. Both primary and secondary markets remained relatively quiet as they were in January, however there were a few notable issues.

JustEat issued €1.1bn in two new tranches, leaving four actively traded tranches in the market. Nexi also re-tapped the CB market with its second issue in less than a year. Finally, AMX issued a new convertible which is exchangeable into KPN. None of these new issues were particularly successful: despite surplus cash available within both long-only CB funds and hedge funds, a wait-and-see mode still seems to be prevailing. During the month we took profits on several positions.

Name	Amount	Maturity	Coupon	Premium	CDS	Vol	Delta
JustEatTakeAway 0% 2025	600	9-Aug-25	0.00	45.00%	300 bps	35.0	49
JustEatTakeAway 0.625% 2028	500	9-Feb-28	0.63	55.00%	325 bps	32.5	53
JPM / Siemens 0% 2024	375	18-Feb-24	0.00	15.00%	35 bps	30.0	40
Nexi 0% 2028	1000	24-Feb-28	0.00	52.50%	250 bps	31.0	50
AMX / KPN 0% 2024	2100	25-Feb-28	1.00	15.00%	50 bps	23.0	34

Volatility Trading

Realised volatility vs implied forward at the end of January *:

	30d Implied vol level on 29/01/21	Realised vol over the month	Difference
US	33.09	15.88	-17.21
EUROPE	29.00	12.35	-16.65

* Source: Bloomberg

Variation of implied volatilities during February *:

	Mar. Vol Index Fut as of 29/01/21	Mar. Vol Index Fut as of 26/02/21	Vol move
US	32.42	26.74	-5.68
Europe	27.35	24.60	-2.75

Volatility trading strategies posted +15bps to the performance of the fund this month.

The gap between realised and implied volatility remains very elevated. In addition to demand for puts and calls by investors looking to protect portfolios or create convex upside participation, we have started to see straddle sellers looking to monetise the realised/implied spread in what are perceived to be range bound markets. Long gamma positions have remained painful to carry in most asset classes and especially on equities, however we managed to offset the negative carry of these positions by actively trading around them.

Significant contributors to positive performance this month have been from rate vol positions that captured the sharp sell-off in bonds, along with a repricing higher of volatility in FX vol exposure, mainly linked to the rates moves.

Warrant arbitrage

Warrant and SPAC arbitrage contributed +34bps in February. During the month we continued to take profit on announced deals.

Equity strategies

In February, equity strategies detracted -25bps overall. Risk arbitrage and special situations delivered positive returns, while performance was dragged down by value-with catalyst strategies.

Special situations and risk arbitrage finished the month +31bps, despite a disappointing outcome on G4S. As mentioned in December, the G4S situation looked attractive with two strategic buyers, GardaWorld and Allied Universal, competing to buy the company. The market was expecting a final round of auction, organised by the Takeover Panel, in February and the stock was trading at a 7-10% premium to the best bid from Allied. At the last minute, GardaWorld announced they would not participate in the auction, paving the way for Allied to buy the company. The shares subsequently fell to a slight discount to the Allied Universal bid, leaving us with a healthy profit on the position since inception but markedly down for the month.

This disappointment aside the rest of the portfolio more than compensated for this loss, in particular our investment in Corelogic. The market had been waiting for firm offers for the company since the end of October. The first offer came from a PE consortium, followed by a counteroffer from Costar Group. The stock finished the month up +13%.

Our portfolio of fundamental investments in 'value-with-catalyst' companies suffered in February. Rising rates triggered a further rotation into cyclical from growth names, and into large cap out of mid cap. Among others this impacted our positions in some utilities, and more specifically renewable energy names which significantly underperformed, having previously been beneficiaries of the low rate environment. Several tech positions, that had previously benefited from the work-from-home theme, suffered from the reopening economy thematic.

Credit strategies

Capital Structure Arbitrage

Capital structure arbitrage was flat in February.

Credit long / short

Credit strategies contributed +18bps and continued to show an excellent performance despite the overall monthly credit spread compression. In the first half of the month, the Crossover tightened by approximately 35bps and our strategies followed the index tighter, however when long-dated yield moves sent jitters through the credit market, our strategies remained very resilient, with some names even seeing further yield compression, such as Casino and Vallourec.

Credit special situations

Credit special situations contributed positively delivering +22bps to the performance of the fund. KCA Deutag was a material contributor and benefited from improved sentiment for the oil market along with increased investor interest in the high cash coupon (9.875%) on the reinstated debt for this business that demonstrated the resilience of its cash flow generation through the crisis.

Trading

Trading strategies overall contributed -29bps in February, mainly impacted by the Equity Quantitative Strategy. The strategy had a solid start to the month but suffered in the second half as growth and momentum were impacted by the sell-off in rates in Europe and in the US, with 10-year swap rates up +25bps and +36bps respectively over the month.

The CTA strategy saw strong gains in commodities, particularly in base metals, but these were offset by losses on rate positions leading to a small net negative for the month. The gradual decline in Treasuries accelerated towards the end of February, even impacting short-term contracts which had previously been more resilient. It is interesting to note that the model is now short some long-term contracts on US T-Bond, Canadian Bond, and JGB.

B. DIRECT INVESTMENTS OTHER THAN BG FUND

On top of its investment in BG Fund, BGHL has other investments. As of 26 February 2021, the net asset value of these investments represents less than 1.00% of the net asset value of BGHL.

Rasaland Investors ("RLI")

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

In December 2020, RLI returned US\$0.27730 per share to its shareholders, by way of a capital reduction. RLI funded the distribution using the proceeds of the sale of its minority interest in the publicly-traded company RLH Properties.

In July 2020, RLI made a cash tender offer to buy back its own shares, for a price per share of US\$0.12270 (post distribution price compared to US\$0.40 pre-distribution). Shareholders, representing approximately 11.71% of the share capital, elected to tender their RLI shares. BGHL elected not to participate.

The valuation of BGHL's investment in RLI shares was marked down on 31 August 2020, using the US\$0.12270 per share price as the estimated fair value of the RLI shares. This price represents a circa 80% discount to the latest published NAV per share.

VI. BOUSSARD & GAVAUDAN INVESTMENT MANAGEMENT UPDATE

A. TRANSACTION IN THE COMPANY'S SECURITIES

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

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

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

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

B. BGIM'S AUM

As of 1 March 2021, BG Fund assets under management are €1.98bn.

Sincerely,

E. Boussard and E. Gavaudan

Investment Manager

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VII. ANNEXES ON BG FUND

Annex 1: Greeks		
Delta	2.5%	2.5 bps P&L variation for market +1%
Gamma	1.3%	delta variation for market +1%
Vega	9 bps	by vol point
Theta	-13 bps	by 30 days
Optional theta	-25 bps	by 30 days
Rho	-0.8 bps	for 1 bp of interest rates increasing
Credit sensitivity	-2.4	for 1% of credit spreads widening (in relative)

Annex 2: Performance Attribution *	
Volatility Strategies	69 bps
Mandatory convertible bond arbitrage	9 bps
Convertible bond arbitrage (incl. credit convertible bonds)	10 bps
Volatility trading	15 bps
Warrant arbitrage	34 bps
Equity Strategies	-25 bps
Risk arbitrage / Special situations	31 bps
Long / short trading with short-term catalyst & Value	-56 bps
Credit Strategies	40 bps
Credit long / short	18 bps
Capital structure arbitrage	0 bps
Credit special situations	22 bps
Trading	-29 bps
Total	54 bps

Annex 3: Equity at Risk	
Volatility Strategies	7.8%
Mandatory convertible bond arbitrage	4.3%
Convertible bond arbitrage (incl. credit convertible bonds)	1.5%
Volatility trading	0.1%
Warrant arbitrage	1.9%
Equity Strategies	37.0%
Risk arbitrage / Special situations	15.6%
Long / short trading with short-term catalyst & Value	21.4%
Credit Strategies	12.4%
Credit long / short	8.4%
Capital structure arbitrage	0.0%
Credit special situations	4.1%
Trading	6.9%
Quantitative equity trading	3.3%
Systematic trend following	1.8%
Other	1.8%
Cash Equivalents	0.0%
Total	64.1%

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

Annex 4: Gross Exposure (in % of AUM)

Volatility Strategies		
	Long	51.2%
Mandatory convertible bond arbitrage	Short equity	48.6%
	Short credit	0.0%
	Long	11.3%
Convertible bond arbitrage (incl. credit convertible bonds)	Short equity	3.3%
	Short credit	0.0%
	Long	10.4%
Volatility trading	Short	1.0%
	Long	5.4%
Warrant arbitrage	Short	0.1%
Equity Strategies		
Risk Arbitrage / Special Situations	Long	74.5%
	Short	29.4%
Long / Short trading with short-term catalyst / Value	Long	71.7%
	Short	69.5%
Credit Strategies		
Credit long / short	Long	13.8%
	Short	0.0%
Capital structure arbitrage	Long	0.0%
	Short	0.0%
Credit special situations	Long	5.2%
	Short	0.0%
Trading		
Quantitative equity trading	Long	14.2%
	Short	14.1%
Systematic trend following	Long	38.7%
	Short	9.2%
Other	Long	22.8%
	Short	18.3%
Gross Exposure		512.7%

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

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

USD A Share Class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD (4)
Sark Fund														
2003	-	-	0.67%	0.70%	0.77%	0.94%	0.84%	0.97%	1.15%	1.46%	1.01%	0.15%	9.00%	9.00%
2004	1.00%	-0.17%	0.96%	0.13%	0.07%	-0.35%	-0.47%	-0.47%	-0.24%	-0.59%	1.16%	1.06%	2.08%	11.27%
2005	1.66%	1.08%	1.09%	-0.64%	0.31%	1.30%	1.22%	0.62%	1.06%	-0.32%	0.81%	0.89%	9.45%	21.79%
2006	-0.01%	1.64%	1.78%	1.08%	-0.29%	1.49%	0.56%	1.74%	2.83%	3.06%	2.64%	3.01%	21.29%	47.72%
2007	3.19%	1.58%	4.82%	0.89%	1.45%	-2.15%	0.97%	-2.12%	-0.22%	1.92%	-2.13%	-1.17%	6.97%	58.02%
2008	-2.12%	-0.07%	-2.57%	1.02%	0.98%	-2.52%	-1.50%	0.21%	-10.63%	0.16%	-2.97%	0.22%	-18.56%	28.69%
2009	1.71%	-0.31%	0.84%	4.87%	4.29%	0.72%	2.01%	3.26%	3.48%	1.11%	0.21%	0.46%	24.96%	60.81%
BG Fund														
2010	1.24%	0.36%	1.58%	0.73%	-1.41%	0.77%	2.16%	-0.33%	0.67%	2.05%	-0.15%	1.88%	9.92%	76.77%
2011	0.65%	0.35%	1.93%	-0.15%	-0.12%	-1.35%	-1.00%	-0.30%	-2.72%	2.56%	-4.41%	-0.40%	-5.04%	67.86%
2012	4.03%	2.13%	-0.23%	0.49%	-0.66%	-0.26%	0.14%	1.08%	0.01%	0.87%	0.46%	0.20%	8.49%	82.12%
2013	0.84%	0.65%	-0.69%	0.28%	1.19%	0.73%	1.02%	0.48%	1.16%	1.23%	1.97%	2.17%	11.56%	103.17%
2014	2.41%	0.06%	-1.01%	0.60%	1.18%	-1.07%	0.20%	0.85%	-0.69%	-0.34%	1.76%	0.25%	4.23%	111.75%
2015	2.10%	0.87%	-0.20%	1.01%	1.76%	-1.72%	2.60%	0.81%	-0.97%	0.51%	2.47%	1.12%	10.77%	134.56%
2016	0.05%	2.04%	1.35%	0.86%	1.64%	-0.55%	1.16%	0.52%	0.14%	-0.81%	0.03%	1.35%	8.03%	153.39%
2017	0.63%	1.59%	0.38%	3.93%	1.42%	0.09%	0.34%	0.05%	-0.36%	0.01%	-0.96%	0.41%	7.73%	172.97%
2018	0.82%	1.37%	-0.34%	-0.35%	0.24%	-0.03%	-2.20%	0.42%	0.56%	-1.74%	-1.04%	-0.48%	-2.80%	165.33%
2019	-0.10%	-0.28%	1.19%	-0.42%	0.82%	1.13%	1.69%	1.34%	-1.03%	-0.19%	0.80%	0.79%	5.87%	180.91%
2020	0.91%	2.08%	-9.61%	4.99%	1.42%	1.54%	0.92%	0.05%	1.83%	1.38%	4.32%	2.79%	12.52%	216.09%
2021	0.64%	0.54%*											1.18%*	219.82%*
													Annualized Net Return	6.67%*

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

From March 2003 to Oct 2010, the fund was named Sark Fund before being renamed as BG Fund. No change took place in investment manager, strategies, or fee structure. Performance above is dividends reinvested and net of all fees.

EUR A Share Class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD (4)
Sark Fund														
2003	-	-	0.75%	0.76%	0.82%	1.04%	0.93%	1.06%	1.18%	1.55%	1.05%	0.17%	9.69%	9.69%
2004	1.07%	-0.12%	1.03%	0.22%	0.14%	-0.29%	-0.42%	-0.42%	-0.19%	-0.49%	1.18%	1.07%	2.81%	12.77%
2005	1.70%	1.06%	1.09%	-0.69%	0.27%	1.27%	1.16%	0.50%	1.00%	-0.44%	0.71%	0.77%	8.70%	22.58%
2006	-0.18%	1.56%	1.64%	0.86%	-0.47%	1.35%	0.40%	1.56%	2.73%	2.90%	2.34%	2.91%	18.99%	45.85%
2007	3.14%	1.46%	4.67%	0.74%	1.39%	-2.24%	0.87%	-2.20%	-0.31%	1.83%	-2.15%	-1.24%	5.85%	54.38%
2008	-2.08%	-0.01%	-2.35%	1.10%	1.13%	-2.33%	-1.39%	0.21%	-10.93%	-0.44%	-2.86%	0.18%	-18.58%	25.69%
2009	1.92%	-0.28%	0.90%	4.88%	4.10%	0.73%	1.99%	3.21%	3.48%	1.13%	0.22%	0.48%	25.13%	57.27%
BG Fund														
2010	1.26%	0.37%	1.60%	0.74%	-1.49%	0.74%	2.01%	-0.34%	0.62%	2.02%	-0.14%	1.85%	9.56%	72.31%
2011	0.65%	0.38%	1.94%	-0.09%	-0.07%	-1.27%	-0.95%	-0.24%	-2.86%	2.47%	-4.50%	-0.49%	-5.08%	63.56%
2012	4.01%	2.12%	-0.28%	0.47%	-0.71%	-0.26%	0.10%	1.03%	-0.01%	0.84%	0.43%	0.17%	8.12%	76.84%
2013	0.80%	0.65%	-0.71%	0.25%	1.19%	0.71%	0.99%	0.48%	1.11%	1.22%	1.97%	2.14%	11.31%	96.85%
2014	2.47%	0.05%	-1.01%	0.61%	1.21%	-1.06%	0.20%	0.86%	-0.71%	-0.36%	1.75%	0.27%	4.29%	105.30%
2015	2.22%	0.85%	-0.21%	0.93%	1.79%	-1.73%	2.58%	0.78%	-1.01%	0.47%	2.59%	0.96%	10.60%	127.06%
2016	0.00%	1.98%	1.21%	0.79%	1.62%	-0.65%	1.07%	0.43%	0.03%	-0.92%	-0.03%	1.21%	6.91%	142.74%
2017	0.51%	1.53%	0.26%	3.75%	1.24%	-0.06%	0.19%	-0.10%	-0.47%	-0.11%	-1.08%	0.22%	5.97%	157.24%
2018	0.67%	1.24%	-0.55%	-0.53%	0.04%	-0.22%	-2.66%	0.18%	0.46%	-2.14%	-1.27%	-0.78%	-5.49%	143.11%
2019	-0.36%	-0.52%	0.96%	-0.69%	0.55%	0.88%	1.79%	1.45%	-1.51%	-0.48%	0.83%	0.71%	3.62%	151.89%
2020	0.95%	2.19%	-10.28%	4.91%	1.37%	1.64%	1.02%	0.01%	2.02%	1.33%	4.13%	2.58%	11.58%	181.06%
2021	0.59%	0.49%*											1.08%*	184.09%*
													Annualized Net Return	5.97%*

GBP A Share Class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
BG Fund														
2016	-	-	-	-	-	-	-	-	-	-	0.03%	1.26%	1.29%	1.29%
2017	0.57%	1.57%	0.32%	3.74%	1.37%	0.01%	0.26%	-0.01%	-0.46%	-0.06%	-1.02%	0.29%	6.68%	8.05%
2018	0.72%	1.32%	-0.46%	-0.46%	0.10%	-0.16%	-2.51%	0.29%	0.56%	-2.03%	-1.14%	-0.69%	-4.44%	3.25%
2019	-0.24%	-0.41%	1.06%	-0.58%	0.66%	0.99%	1.92%	1.47%	-1.29%	-0.36%	0.92%	0.75%	4.94%	8.35%
2020	0.84%	2.09%	-10.27%	4.89%	1.50%	1.69%	0.86%	0.04%	1.88%	1.37%	4.16%	2.63%	11.40%	20.71%
2021	0.64%	0.52%*											1.16%*	22.11%*
													Annualized Net Return	4.73%*

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

From March 2003 to Oct 2010, the fund was named Sark Fund before being renamed as BG Fund. No change took place in investment manager, strategies, or fee structure. Performance above is dividends reinvested and net of all fees.

Annex 6: Macroeconomic Risks Through Stress Tests

General Stress Tests

	Scenario	Description	Impact % of NAV
1	Delta - spot up	Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0	0.75%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0	0.41%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0	0.17%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0	-0.17%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0	-0.57%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.63%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0	-0.27%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0	-0.27%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0	0.49%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0	1.40%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -0.5	-0.09%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -0.5	0.67%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -1	1.71%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0.5	-0.41%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0.5	0.36%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : <2y 0.5,>2y 1	1.50%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0	-0.31%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0	-0.14%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0	-0.49%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.70%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0	0.53%
22	Equity Credit decorrelation 6	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0	0.86%
23	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0	0.71%
24	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0	0.89%
25	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0	1.06%
26	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0	1.21%
27	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0	1.38%
28	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0	1.54%
29	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0.5	0.56%
30	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0.5	0.74%
31	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0.5	0.91%
32	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : <2y 0.5,>2y 1	1.28%
33	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : <2y 0.5,>2y 1	1.44%
34	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : <2y 0.5,>2y 1	1.60%
	Worst		-0.57%

Hedge Funds Liquidation Stress Tests

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

- Small, Mid and Large caps adjustment

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

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

- Risk arbitrage adjustment

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

- Liquidity adjustment

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

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

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

Scenario	Description	Impact % of NAV
1	Delta - spot up	0.92%
2	Delta - spot down	-2.84%
3	Vega - vol up	0.17%
4	Vega - vol down	-0.17%
5	Credit spread widen	-0.57%
6	Credit spread tighten	0.63%
7	Market crash 0.5	-1.94%
8	Market crash 1	-3.93%
9	Market crash 2	-8.26%
10	Market crash 3	-10.34%
11	Market crash, rates down 1	-3.69%
12	Market crash, rates down 2	-8.03%
13	Market crash, rates down 3	-9.96%
14	Market crash, rates up 1	-4.10%
15	Market crash, rates up 2	-8.43%
16	Market crash, rates up 3	-10.21%
17	Equity Credit decorrelation 1	-0.23%
18	Equity Credit decorrelation 2	-0.06%
19	Equity Credit decorrelation 3	-0.40%
20	Equity Credit decorrelation 4	-0.72%
21	Equity Credit decorrelation 5	-0.56%
22	Equity Credit decorrelation 6	-0.92%
23	Market rally 1	0.80%
24	Market rally 2	0.97%
25	Market rally 3	1.15%
26	Market rally 4	1.38%
27	Market rally 5	1.55%
28	Market rally 6	1.71%
29	Market rally, Inflation 1	0.65%
30	Market rally, Inflation 2	0.82%
31	Market rally, Inflation 3	0.99%
32	Market rally, Inflation 4	1.45%
33	Market rally, Inflation 5	1.61%
34	Market rally, Inflation 6	1.77%
Worst		-10.34%

Annex 7: IFRS 13 Classification as of 31 January 2021

	% of NAV	Number of positions
Assets		
Level 1	65.5%	215
Level 2	49.1%	1259
Level 3	14.3%	115
Cash & cash equivalents	26.6%	4
Total Assets	155.4%	1593
Liabilities		
Level 1	-49.1%	189
Level 2	-6.4%	58
Total Liabilities	-55.4%	247
Total Assets + Liabilities	100.0%	1840

	% of NAV
• Encumbered cash and cash equivalents	
- Cash - Derivatives Clearing Organisation	6.6%
- Cash - Counterparties	1.0%
- Money market fund	3.5%
- Cash covering a short market value	0.0%
• Unencumbered cash and cash equivalents	
- Cash covering a short market value	15.4%
- Short-term papers < 90 days	0.3%
- Excess cash	0.0%
Total Cash and cash equivalents	26.6%

Annex 8: AIFMD disclosure to investor

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

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

Nothing to report

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

Nothing to report

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

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

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

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

	Maximum limit	Current usage
Commitment method	200%	102%
Gross method	200%	102%

Important Information

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

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

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

You should always bear in mind that:

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

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

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