



Boussard & Gavaudan Holding Limited
A closed-ended investment company incorporated with limited liability under the laws of
Guernsey, with registration number 45582.

Interim Management Statement
For the Quarter ended 31st March 2023

I. PRINCIPAL ACTIVITIES

Boussard & Gavaudan Holding Limited (“BGHL” or “the Company”), a closed-ended investment company incorporated under the laws of Guernsey, announces its interim management statement for the period from 1 January to 31 March 2023 (“the period”).

The Company is registered with the Dutch Authority for Financial Markets and is listed on the NYSE Euronext Amsterdam, and the London Stock Exchange.

During the period, BGHL has invested indirectly in BG Master Fund ICAV (“BG Fund” or “the Fund”), a Europe-focused multi-strategy hedge fund established in Ireland and authorised by the Central Bank as a Qualified Investor Fund (QIF), through a dedicated share class of the feeder fund, BG Umbrella Fund Plc. The Fund aims primarily at arbitraging instruments with linear or non-linear pay-offs on equities and credit markets. The overall investment objective of the Fund is to provide investors with consistent absolute returns, primarily through investing and trading in financial instruments of companies incorporated in, or whose principal operations are in, Europe.

In addition, a proportion of the net assets of BGHL may be invested in other hedge funds and/or other financial assets.

Boussard & Gavaudan Investment Management LLP (“BGIM” or “the Investment Manager”) is the Investment Manager for both the Company and the Fund.

II. HIGHLIGHTS

	31-Mar-23	31-Dec-22
Assets under management (€m)	331	345
Market capitalisation (€m)	273	276
Shares outstanding	12,422,502	12,433,763

	NAV per Share		Share price*		Discount to NAV	
	€ shares	£ shares	€ shares	£ shares	€ shares	£ shares
31-Mar-23	€ 26.64	£23.52	€ 22.00	£19.00	-17.42%	-19.21%
31-Dec-22	€ 27.77	£24.43	€ 22.20	£20.00	-20.06%	-18.12%
Performance	-4.07%	-3.73%	-0.90%	-5.00%		

*Amsterdam (AEX) market close for the Euro Share and London (LSE) market close for the Sterling share

III. PERFORMANCE

Global equity markets rallied during the period, in particular in Europe with the Euro Stoxx 50® Total Return up +14.2% while in the US the S&P500® Total Return was up +7.5%. The market implied volatility measure VStoxx® dropped from 20.9% to 19.4% and credit markets tightened with the iTraxx Crossover® (S38) moving from 474bps at year-end to 406bps at the end of March.

1. BG Fund

BG Fund (EUR B) contributed negatively for the quarter.

1.1. Volatility strategies

Mandatory Convertible Bond Arbitrage

Mandatory convertible bonds contributed slightly positively during the period with performance driven by a general repricing in the market. No new issues were seen albeit the Investment Manager remains confident that supply is coming given the general pivot towards hybrid securities from issuers looking to reduce borrowing costs.

Convertible Bond Arbitrage

The period saw convertible bonds giving back some of its previously positive performance over the last few months.

In particular, US convertibles suffered mainly because of the Silicon Valley Bank (SVB) and Credit Suisse situations, which caused the US two-year yield to drop very quickly. The sharp drop in rates adversely impacted interest rate hedges as convertible bond prices lagged; however these same hedges have supported the portfolio against previous moves and the Investment Manager expects some normalisation. Pricing for most European CBs was generally soft due to higher credit spreads and very low liquidity in the markets. There was no panic selling, but poor liquidity meant some low prints in very small volumes.

The Investment Manager remains very constructive on the positions in the book which continue to carry well. The Investment Manager continues to grow the convertible book and sees a growing number of prospective opportunities in the pipeline.

Volatility Trading

Volatility trading contributed positively to performance in March as news flow helped to drive vol of vol higher. The Investment Manager traded actively during the period of maximum stress which had led to the creation of some very attractive, albeit relatively short-lived, opportunities. Dispersion strategies continued to carry well.

Warrant Trading

Warrant arbitrage & SPACs contributed slightly positively.

1.2. Equity Strategies

Equity strategies suffered during the quarter. They were initially impacted by a general rally in short hedges as liquid stocks and indices outperformed idiosyncratic positions. Following this, uncertainty caused by the SVB bankruptcy and the Credit Suisse debacle, combined with renewed fears of recession from weaker economic data generated some further market volatility. This particularly impacted special situation positions as the market worried that the unstable macro environment may delay those catalysts. This notwithstanding the core theses remain intact and the Investment Manager expects these positions to realise their embedded value. Despite the market to market volatility the period also saw several positions continue to perform well due to both delivering strong results and where harder catalysts were present.

Corporate activity is still much lower than expected in M&A, but as the picture stabilises, and companies adjust to the new interest rate environment, the Investment Manager expects activity to pick up further.

1.3. Credit Strategies

Capital Structure Arbitrage

Capital structure arbitrage was flat.

Credit Long / Short

Credit long / short contributed positively during the period benefiting from the general positive trend.

Credit Special Situations

Credit special situations were the main positive contributor to performance this quarter thanks to a combination of ongoing corporate improvements in the portfolio, a restructuring trade which was finalised in March and due to be completed in July as well as active trading around the restructuring of a Swiss bank.

1.4. Trading

Trading contributed negatively during the period, mostly due to the equity quantitative trading. This strategy has been a very helpful tool for risk managing the portfolio for many years however it has recently been too slow to react to rapid macro developments and the position is being cut pending further assessment.

2. Investments Other Than BG Fund

The contribution of this investment was flat on the period.

Rasaland Investors ("RLI")

Rasaland Investors ("RLI") RLI is a holding company structured as a private equity fund in terms of fees and organisation and managed by BK Partners. BGHL holds the RLI shares through Campastros, S.L.U., a wholly-owned holding company in Spain. RLI is dedicated to investing in land, hotels and high-end resort

developments in Mexico. RLI's main asset is a majority interest in ACTUR, a private company owning the land developing assets. ACTUR's other shareholders are Mexican public institutions.

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

IV. OUTLOOK

The Investment Manager continues to be fully committed to the strategies of the Company.

For further information contact:

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Disclaimer

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

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

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

You should always bear in mind that:

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

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

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