



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 30 September 2020

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 July to 30 September 2020 (“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

	30-Sept-20	30-June-20
Assets under management (€m)	341	336
Market capitalisation (€m)	245	257
Shares outstanding	14,363,314	14,558,443

	NAV per Share		Share price*		Discount to NAV	
	€ shares	£ shares	€ shares	£ shares	€ shares	£ shares
30-Sept-20	€ 23.79	£21.06	€ 17.05	£15.00	-28.32%	-28.78%
30-June-20	€ 23.11	£20.51	€ 17.65	£15.00	-23.62%	-26.87%
Performance	2.94%	2.68%	-3.40%	0%		

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

III. PERFORMANCE

For the third quarter from 1 July to 30 September 2020, the Euro Stoxx 50[®] total return index fell by -0.83%, while BG Fund (USD A class) gained +2.82% with the largest contributions coming from trading, risk arbitrage and credit special situation positions.

In terms of other market indicators, volatility decreased with VStoxx[®] finishing the quarter at 26.1%, down from 31.7%. Credit tightened with iTraxx Crossover (S33) [®] ending September at 351bps (31bps tighter than the end of June).

1. BG Fund

1.1. Volatility strategies

Mandatory Convertible Bond Arbitrage

Mandatory convertible bond arbitrage contributed positively this quarter. The largest contribution came from several privately negotiated mandatory positions. The investment manager expects these positions to deliver significant positive returns over their lifetime and continues to remain very active, building new positions and adding to existing holdings.

Convertible Bond Arbitrage

Convertible bond contribution to performance was also positive for the quarter, primarily due to a global repricing of volatility and credit spreads. The majority of opportunities were concentrated in the primary market and the fund participated in most of these. The investment manager still expects primary issuance and secondary market opportunities to continue to grow into the last quarter of the year.

Volatility Trading

Volatility trading was a slight detractor to performance of the fund this quarter. Losses were primarily from theta drag on long gamma positions as well as from implied volatility resetting lower .

Warrant Trading

Warrant arbitrage contributed positively for the quarter .

1.2. Equity Strategies

Equity strategies made a slightly positive contribution, with risk arbitrage positions and capital markets activity generating nice positive returns while value-with-catalyst equities caused some drag due to the general sell-off in value stocks.

The investment manager remains focused on special situation opportunities and investments with near-term catalysts, and given the current market and economic environment anticipates that further exciting opportunities will continue to emerge. The investment manager aims to maintain a long convexity bias due to the ongoing uncertain environment.

1.3. Credit Strategies

Capital Structure Arbitrage

Capital structure arbitrage was flat during the quarter.

Credit Long / Short

Credit spreads have remained resilient both in high yield and in financials over the quarter, which has helped credit long / short contribute positively during the period.

Credit Special Situations

Good progress was made on a number of restructuring positions and credit special situations delivered some nice positive returns.

1.4. Trading

Trading was a significant contributor to the performance of the fund, driven by the Equity Quantitative strategy with the continued strength of momentum stocks. In line with the investment manager's mean reversion methodology, profits have been gradually taken and risk has been substantially reduced over the period.

2. Investments Other Than BG Fund

The contribution of this investment was almost flat on the period.

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.

Cash distribution: In July, RLI announced a proposal to return US\$0.27730 per share to its shareholders, by way of a capital reduction expected during the fourth quarter of 2020. RLI will be funding the distribution using proceeds of the recently completed sale of its minority interest in the publicly-traded company RLH Properties.

Cash tender offer on own shares: RLI made a cash tender offer to buy back its own shares, for a price per share of US\$0.40 (including the distribution). In August 2020, RLI announced that shareholders representing

approximately 11.71% of the share capital elected to tender their RLI shares. BGHL elected not to participate in the tender offer.

The valuation of BGHL's investment in RLI shares was marked down on 31 August 2020, using the \$0.40 per share price as the estimated fair value of the RLI shares.

This price represents a 55% discount to the latest published NAV per share.

IV. OUTLOOK

As expected following a summer lull, corporate activity has significantly picked up. In addition to near-term catalysts, the investment manager expects further material opportunities in special situations, risk arbitrage, corporate issuance and capital markets activity.

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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