

BOUSSARD & GAVAUDAN HOLDING LIMITED

MARCH 2015 NEWSLETTER

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 seek to produce long-term appreciation of its assets. BGHL seeks to achieve this by investing in BG Fund (“the Fund”). In addition, a proportion of the net assets of BGHL may, at the discretion of the Investment Manager, be invested in other hedge funds and/or other financial assets selected by the Investment Manager. BGHL aims to generate a target annualised return in excess of 10% (net of all fees).



III. SHARE INFORMATION as of 31 March 2015

Net Asset Value (NAV)	Euro share	Sterling share
Estimated NAV*	€ 18.5347	£ 16.4179
Estimated month to date return*	-0.35 %	-0.45 %
Estimated year to date return*	3.78 %	3.51 %
Estimated inception to date return*	85.35 %	64.18 %

Euro share	Amsterdam (AEX)	London (LSE)
Market close	€ 14.39	-
Premium / discount to estimated NAV	-22.36%	-

Sterling share	Amsterdam (AEX)	London (LSE)
Market close	-	GBX 1,269
Premium / discount to estimated NAV	-	-22.71%

In the context of the current discount to NAV, the Company continues to purchase some of its own shares into treasury.

	Euro share	Sterling share
Shares issued	32,850,170	538,435
Shares held in treasury	512,064	-
Shares outstanding	32,338,106	538,435

BGHL

Total value of the investments of BGHL based on the estimated NAV for the shares outstanding € 612 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 € 475 million

* Estimated figures

IV. BGHL TRACK RECORD

BGHL Track Record – Historical NAV Returns Summary (Net of Fees)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
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%	-0.35%*										3.78%*	85.35%*

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
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%	-0.45%*										3.51%*	64.18%*

* Estimated figures

V. BGHL COMPOSITION

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

From 1 April 2015, BGHL is exposed to BG Fund up to approximately 102% of its net asset value. BGHL's maximum possible exposure to BG Fund is 110% of its net asset value. In addition, BGHL has other investments.

A. BG FUND

COMMENTARY AND HIGHLIGHTS

The Eurostoxx 50® ended March up 2.7% and stock market volatility increased: the VDAX finished at 18.6% up from 14.7% and the VStoxx® at 21.1% up from 17.7%. The Crossover Series 22 remained unchanged at 262bps.

Volatility Strategies

Convertible Bond Arbitrage

Convertible bonds (excl. mandatories) contributed 1bp to the performance of the fund.

The investment in GFI Informatique (-8bps) offset the performance of the other investments. This month, our position in Marine Harvest (3bps) benefited from the corporate's incentive to convert the bond maturing in 2018 and from long only funds keen to purchase the 2019 one in order to keep exposure on the name. We took some profit on this investment.

In the meantime, we started to identify some opportunities. For instance, we initiated some positions on high delta names when the convertible bonds traded under parity as for the Aabar / Daimler exchangeable bond. Besides, we shall benefit next month from an incentive paid by Aabar to convert this bond.

Primary issuance in March amounted to €4.2bn with two large issues from Telecom Italia and Aabar in Unicredito; other issues were on high yield names. Recalls and incentives to convert amounted to €1.6bn.

Name	Amount	Eq EUR	Premium	Runner	CDS	Vol	Delta
TI 1.125% 2022	2,000	2,000	70.00%	BNP, JPM	185 bps	26.0	38
Aabar / Uncredit 0.5% 2020	1,000	1,000	40.00%	BNP, DB, Barc, ML	150 bps	27.0	35
Aabar / Uncredit 1% 2022	1,000	1,000	40.00%		200 bps	28.0	35
MarketTech 2% 2020	112	150	16.00%	UBS	500 bps	21.0	30
HDD 5.25% 2022	58	58	30.00%	Db, BNP	900 bps	27.0	53

Mandatory Convertible Bond Arbitrage

Mandatory convertible bonds contributed 3bps this month. There were no specific flows and there was no primary issuance.

Gamma Trading

Gamma contributed 19bps this month. The equity volatility book has been (and still is) positioned to capture downside corrections mostly on S&P 500, and to a lesser extent on Eurostoxx 50 and Nikkei. As a consequence, we have been able to make some profit on the few downside S&P moves that occurred in March around the FOMC meetings while it has not been profitable on the other indices. On the foreign exchange front, the short positioning on GBP vs EUR and USD has started to pay off after some negative performance from mid-February to early March.

Equity Strategies

Our equity portfolio gave back some of the outperformance generated since the beginning of the year (-78bps) in a rallying market with low volatility.

The financials portfolio struggled in March after a strong start to the year. Generali underperformed the insurance sector after disclosing disappointing economic solvency in the run up to the introduction of Solvency II. We also suffered from our position in UK Asian banks, following a sharp market reaction to multiple broker upgrades.

Mid cap stocks also underperformed large cap ones this month, for example the MDAX underperformed the DAX by 2%. This explained in particular the underperformance of our positions in GFI Informatique and Theolia in March.

The merger of equals between Holcim and Lafarge was the big theme of the month. While the deal seemed well on track, some Holcim shareholders started to challenge the terms. The two companies agreed on terms more favourable for Holcim shareholders but the market remained cautious on their vote thus creating some derating on the combined entity.

Given the market conditions, we remained focused on our conviction trades.

On the corporate activity front, while announced M&A deals in the US were up 28% this quarter hitting their 15-year high, European activity was disappointing and remained globally flattish. The secondary market in Europe, through accelerated book buildings, was much more active, reaching almost its high (€35bn, +70% compared to last year). Shareholders, private equity funds and corporates took advantage of a strong equity market to reduce some of their stakes. These placements have been well absorbed by the market as investors used those liquidity events to reposition themselves in the equity market.

Credit Strategies

Credit Long / Short

Credit long / short strategies contributed 11bps this month. After a strong performance in February, credit asset class performance and activity were more muted in March. Activity in secondary market declined principally due to the uncertainties around the Greek situation. Flows were mainly dominated by dealers' flows neutralising their portfolios ahead of the end of the trimester. The Crossover Series 22 index was unchanged over the month, closing at 262bps. The SubFin S22 contract widened by 3bps, to close at 125bps by month-end.

In that context most of the activity was again driven by primary markets. In particular it is worth noting that more and more US companies have been seeking to issue in the Euro market in order to take advantage of rates differential and better conditions created by the ECB QE.

Our portfolio contributed positively this month. In financials, Austrian bank Bawag reported strong full year results in March, with press reporting that main shareholder Cerberus hired advisors to study exit options. In corporates, most of the performance was driven by our long position in loans of an Italian media corporate.

Capital Structure Arbitrage

Capital structure arbitrage was flat this month as in the trades in which we were involved, credit and equities performed in line and positively in March thanks to the effective launch of the QE.

Trading

Trading contributed 24bps this month.

B. DIRECT INVESTMENTS OTHER THAN BG FUND

On top of its investment in BG Fund, BGHL has other investments. As of 31 March 2015, the net asset value of these investments represents approximately 8% of the net asset value of BGHL.

Rasaland Investors ("RLI")

BGHL invested USD 10 million in RLI's shares. The EUR/USD exposure is hedged by an FX forward which is rolled on a 3 month basis.

RLI is a Malta-based holding company structured as a private equity fund in terms of fees and organisation, dedicated to investing in land, hotels and high-end resort developments in Mexico. RLI's initial business was, soon after launch, affected by several adverse events which have changed the exit solution and the time schedule considered initially. RLI has mitigated the risk of running out of cash by selling a stake in one of its land projects to a large Mexican institutional Pension Fund and raising USD 80 million with the National Infrastructure Fund. RLI also acquired the Four Seasons hotel in Mexico in May 2013 and is exploring to acquire additional operating hotel, which complements the land portfolio with cash generating assets. The listing of RLI's hotel subsidiary on Mexico's exchange is the more likely exit option currently envisaged by RLI. The listing of the subsidiary could be followed by the listing of RLI.

GFI Informatique

BGHL owns GFI listed shares as well as bonds issued by Infofin secured by, and exchangeable into GFI shares. BGHL hold a directional exposure which is not hedged.

BGHL signed on 7 June 2013 a shareholders' agreement in order to act in concert with the two main shareholders of GFI. GFI is one of the leading IT services firms in France and Southern Europe. In compliance with applicable regulations, the concert through Infofin (an entity created for this purpose) filed a mandatory public tender offer with the French Autorité des Marchés Financiers (AMF) for all of the outstanding shares and bonds giving access to GFI's share capital or voting rights not yet held by the concert. Under the shareholders' agreement BGHL agreed to invest - after completion of the public offer - in bonds to be issued by Infofin and exchangeable into GFI shares. On 29 August 2013, BGHL subscribed to the Infofin exchangeable bonds for an amount of €20,364,030.72.

BGHL's direct equity investment in GFI Informatique (FR0004038099) represented approximately €10.2 million as of 31 March 2015.

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 April 2015, BG Group assets under management are at €2.45bn.

Sincerely,

E. Boussard & E. Gavaudan

Investment Manager

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VII. ANNEXES ON BG FUND

Annex 1: Greeks		
Delta	-0.04%	-0.04 bps P&L variation for market +1%
Gamma	2.04%	delta variation for market +1%
Vega	7 bps	by vol point
Theta	-1 bps	by day
Optional theta	-1 bps	by day
Rho	-2 bps	for 1 bp of interest rates increasing
Credit sensitivity	-5 bps	for 1% of credit spreads widening (in relative)

Annex 2: Performance Attribution *	
Volatility Strategies	23 bps
Mandatory convertible bond arbitrage	3 bps
Convertible bond arbitrage (incl. credit convertible bonds)	1 bps
Gamma trading	19 bps
Warrant arbitrage	0 bps
Equity Strategies	-78 bps
Risk arbitrage / Special situations	-41 bps
Long / short trading with short-term catalyst & Value	-37 bps
Credit Strategies	11 bps
Credit long / short	11 bps
Capital structure arbitrage	0 bps
Trading	24 bps
Total	-20 bps

Annex 3: Equity at Risk	
Volatility Strategies	18.6%
Mandatory convertible bond arbitrage	10.1%
Convertible bond arbitrage (incl. credit convertible bonds)	7.3%
Gamma trading	1.1%
Warrant arbitrage	0.1%
Equity Strategies	31.0%
Risk arbitrage / Special situations	7.0%
Long / short trading with short-term catalyst & Value	24.0%
Credit Strategies	9.3%
Credit long / short	7.0%
Capital structure arbitrage	0.4%
Restructurings	1.9%
Trading	3.6%
Cash Equivalents	0.8%
Total	63.3%

* Estimated figures

Annex 4: Gross Exposure (in % of AUM)

Volatility Strategies		
	Long	93.6%
Mandatory convertible bond arbitrage	Short equity	78.0%
	Short credit	0.0%
	Long	16.0%
Convertible bond arbitrage (incl. credit convertible bonds)	Short equity	5.6%
	Short credit	0.0%
	Long	28.1%
Gamma trading	Short	28.1%
	Long	1.0%
Warrant arbitrage	Short	1.0%
Equity Strategies and Trading		
Equity strategies and Trading	Long	120.2%
	Short	97.8%
Credit Strategies		
Credit long / short and Capital structure arbitrage	Long	22.0%
	Short	10.4%
Restructurings		
Restructurings	Long	0.3%
	Short	0.0%
Gross Exposure		502.1%

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

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

Euro 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%	-0.20%*										2.88%*	111.21%*

* Estimated figures

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

US Dollar 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%	-0.18%*										2.80%*	117.68%*

* Estimated figures

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

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%	0.91%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	0.60%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.14%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	(0.14%)
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	(0.65%)
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	0.74%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0%	(0.30%)
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%	(0.41%)
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%	0.24%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	1.25%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -12.5%	(0.30%)
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -12.5%	0.36%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -12.5%	1.36%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 12.5%	(0.52%)
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 12.5%	0.13%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 12.5%	1.14%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%	(0.45%)
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%	(0.29%)
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	(0.62%)
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	1.03%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	0.82%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	(0.51%)
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	(0.79%)
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	0.76%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%	0.93%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	1.09%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	1.46%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	1.64%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%	1.81%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	0.64%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	0.81%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	0.97%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	1.34%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	1.52%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	1.69%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 25%	0.52%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 25%	0.69%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 25%	0.85%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 25%	1.22%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 25%	1.40%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 25%	1.57%
	Worst		(0.79%)

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 and mid caps adjustment

In certain market conditions, small and mid caps 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 and mid caps. The factor applied on mid caps is 1.5 and 2 on small caps.

- 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 = $\text{Max}(\text{Shifted Price} - 5\% * \text{Max}(\text{Credit spread shift} - 25\%, 0), \text{Parity})$

Others : Adj. price = $\text{Max}(\text{Shifted Price} - 5\% * \text{Max}(\text{Credit spread shift} - 25\%, 0), 0)$

	Scenario	Description	Impact % of NAV
1	Delta - spot up	Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	2.93%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	(1.29%)
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.14%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	(0.14%)
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	(0.65%)
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	0.74%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0%	(1.29%)
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%	(2.72%)
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%	(6.97%)
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	(9.44%)
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -12.5%	(2.61%)
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -12.5%	(6.83%)
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -12.5%	(9.31%)
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 12.5%	(2.84%)
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 12.5%	(7.11%)
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 12.5%	(9.58%)
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%	0.62%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%	0.77%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	0.46%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	0.05%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	(0.17%)
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	(0.51%)
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	(0.79%)
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	1.84%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.00%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	2.15%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	3.48%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.66%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.83%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	1.72%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	1.87%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	2.03%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	3.36%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	3.54%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	3.71%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 25%	1.60%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 25%	1.75%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 25%	1.91%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 25%	3.24%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 25%	3.42%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.59%
	Worst		(9.58%)

Annex 7: IFRS 13 Classification as of 27 February 2015		
	% of NAV	Number of positions
Assets		
Level 1	42.0%	272
Level 2	56.9%	488
Level 3	5.0%	18
Cash & cash equivalents	53.0%	6
Total Assets	156.8%	784
Liabilities		
Level 1	-55.5%	122
Level 2	-1.3%	40
Level 3	0.0%	0
Total Liabilities	-56.8%	162
Total Assets + Liabilities	100.00%	946

	% of NAV
• Encumbered cash and cash equivalents	
– Cash - Derivatives Clearing Organisation	8.1%
– Cash - Counterparties	1.6%
– Money market fund	3.3%
– Cash covering a short market value	0.5%
• Unencumbered cash and cash equivalents	
– Cash covering a short market value	37.5%
– Short-term papers < 90 days	2.1%
– Excess cash	0.0%
Total Cash and cash equivalents	53.0%

VIII. AIFMD disclosure to investors

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 Sophis VALUE provided by Mysis used for position keeping and risk management. Sophis VALUE is interfaced to a real time market data vendor for real time P&L and risk calculation. Another key system is TradeSmart, 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 Sophis VALUE. All figures used for qualitative and quantitative risk management risk management are produced out of Sophis: VALUE.

- 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	2x	1.1x
Gross method	2x	1.1x

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.

VC 06.11.12.02