



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 31 March 2017

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 2017 (“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-17	30-Dec-16
Assets under management (€m)	666	651
Market capitalisation (€m)	536	527
Shares outstanding	29,391,027	29,391,027

	NAV per Share		Share price*		Discount to NAV	
	€ shares	£ shares	€ shares	£ shares	€ shares	£ shares
31-Mar-17	€ 22.64	£19.90	€ 18.23	£15.83	-19.47%	-20.47%
30-Dec-16	€ 22.14	£19.44	€ 17.92	£15.83	-19.08%	--18.60%
Performance	2.22%	2.35%	1.73%	0.00%		

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

III. PERFORMANCE

The Eurostoxx 50 finished the period up 6.4%. VStoxx ended at 16.5%, down from 18.2%. The iTraxx Crossover S26 finished March at 267bps, 21bps tighter on the quarter.

1. BG Fund

From 1 April 2017, the Company is exposed to BG Fund up to approximately 105% of its net asset value. The Company maximum possible exposure to BG Fund is 110% of its net asset value.

From 1 January to 31 March 2017, BG Fund (Euro A share class) posted a +2.32% performance.

1.1. Volatility strategies

Convertible Bond Arbitrage

In the context of low realised volatilities and low appetite from long-only funds, convertible bond contribution (excl. mandatories) to the performance was positive, primarily driven by the Fund's focus on few special situations. Over the past three months, primary markets offered limited opportunities as deals have been issued on expensive terms and secondary market flows were subdued.

Mandatory Convertible Bond Arbitrage

Mandatory convertible bond arbitrage contributed positively during the period, mostly due to mandatories generally trading higher. There was a new issue in March on an exchangeable mandatory in which the Fund participated. On the secondary market, flows were muted overall.

Volatility Trading

Volatility trading suffered during the period due to extremely low realised volatilities and lower implied volatilities on the major equity indices, which made the long gamma position expensive to carry. Given the low absolute level of volatilities, the Fund continues to remain substantially long volatility. A repricing of risk could be violent from here, and the Investment Manager sees risk-reward as very skewed to higher volatilities.

1.2. Equity Strategies

Equity strategies were the main contribution to the Fund's performance. Key drivers were the financials portfolio, good positioning going into the earnings season with positive performances across a large number of positions, and rising corporate activity. The Investment Manager believes that corporate activity will remain a very important driver of returns in the coming months and is positioning the portfolio accordingly.

1.3. Credit Strategies

Capital Structure Arbitrage

Capital structure arbitrage contribution was flat. Overall credit and equity asset classes moved positively and with a high correlation. The quiet environment prevented the Investment Manager from trading actively around existing positions and no new opportunities presented themselves. Going forward the Investment manager expects that uncertainties around the French elections and potential divergence in global monetary policy should be good drivers for dislocations to appear.

Credit Long / Short

Credit long / short trading contributed positively. Market technicals remained supportive with steady inflows into the asset class and good primary market flows during the quarter. Credit markets were overall well orientated in both cash and synthetic markets as well as in high yield and subordinated financials.

Credit Special Situations

The contribution of credit special situations was positive over the period with the main contribution coming from one specific corporate position due to the successful finalisation of a restructuring plan.

1.4. Trading

The contribution of trading was marginally negative on the period.

2. Investments Other Than BG Fund

On top of its investment in BG Fund, the Company has other investments. As of 31 March 2017, the net asset value of these investments represents approximately 6% of the net asset value of the Company.

The contribution of other investments was flat on the period.

2.1. 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 investing in land, hotels and high-end resort developments in Mexico. RLI has invested and is developing the Mandarina, Xala & Seramai resorts in Mexico. RLI's initial business was, soon after launch, affected by several adverse events which have changed the exit strategy and the initial anticipated timeline. RLI mitigated the risk of running out of cash by selling in 2012 a stake in one of its land projects to a large Mexican institutional pension fund, raising USD 80 million with the National Infrastructure Fund and by listing (IPO) in November 2015 RLI's hotel subsidiary on Mexico's exchange, raising a total of USD 27 million. The subsidiary is the owner of the Four Seasons hotel in Mexico City acquired in May 2013.

In February 2015 BK Partners entered into an agreement with Kerzner International Holdings Limited to develop and operate two new One&Only resorts in Mandarin and Xala, on the Pacific Coast of Mexico. RLI is currently focused on the development of the One&Only hotel of the Mandarin project. This development is likely to accelerate the liquidity to RLI's investment in Mandarin through the sale of land parcels as well as private residential estates.

2.2. GFI Informatique

BGHL holds GFI shares. GFI is a major player in value-added IT services and software in Europe. GFI is listed on the Paris Euronext, NYSE Euronext (Compartment B) - ISIN Code: FR0004038099.

On 23 November 2015 Mannai Corporation ("Mannai"), together with Apax France (jointly with Altamir) and Boussard & Gavaudan, announced that they had entered exclusive negotiations for Mannai to purchase a 51 percent equity stake in GFI at a price of €8.50 per share. The press release is available at: http://www.bgholdingltd.com/uploadImages/File/ACTUS-0-42198-151123_PR_Gfi_EN.pdf.

On 8 April 2016 Mannai acquired from entities managed by Apax, including Infofin Participations Sàrl ("Infofin"), and Boussard & Gavaudan (the "Sellers") 25% of the GFI share capital and voting rights (on a fully diluted basis) at €8.50 per share. Mannai and the Sellers entered a shareholders' agreement agreeing that they will act in concert. Following this transaction, BGHL received repayment of the Infofin bonds. On 19 April 2016 Mannai filed a cash tender offer for GFI which closed on 15 June 2016. On 20 June 2016 the Sellers completed a second block sale to Mannai at €8.50 per share so that Mannai holds 51% of the share capital and voting rights of GFI on a fully diluted basis.

IV. OUTLOOK

Financial prospects for the coming months will be linked to the level of opportunity created across the Company's strategies in the European corporate environment.

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

As of 1 April 2017, BG Group assets under management are €3.7bn.

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.*

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