

BOUSSARD & GAVAUDAN HOLDING LIMITED

CANCELS AND REPLACES THE PREVIOUS RELEASE

OCTOBER 2008 REVIEW

I. COMPANY INFORMATION

General information	
Investment Manager	Boussard & Gavaudan Asset Management, L.P.
Company Domicile	Guernsey
Website	www.bgholdingltd.com
Management fee	1.5% p.a.
Performance fee	20%

	SEDOL	ISIN	Reuters	Bloomberg
EUR LSE	B28ZZQ1	GG00B1FQG453	BGHLx.L	BGHL LN
EUR Euronext	B1FQG45	GG00B1FQG453	BGHL.AS	BGHL NA
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 deliver an 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 will seek to achieve this by investing into Sark Fund Limited (“Sark Fund”). In addition, a proportion of the net assets of the 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. As at today’s note, two investments have been made. BGHL aims to generate a target annualised return in excess of 10% (net of all fees).

III. SHARE INFORMATION

NAV	Euro Shares	Sterling Shares
Estimated NAV	€9.4912	£8.9140
Estimated Month to date return	1.76%	-0.42%
Estimated Year to date return	-14.49%	-10.86%
Estimated Inception to date return	-5.09%	-10.86%

Euro Shares	Amsterdam (AEX)	London (LSE)
Market close	€6.89	€7.00
Premium / discount to estimated NAV	-27.41%	-26.25%

Sterling Shares	Amsterdam (AEX)	London (LSE)
Market close	-	GBX 592.50
Premium / discount to estimated NAV	-	-33.53%

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

	Euro Shares	Sterling Shares
Shares issued	74,758,861	4,532,095
Shares held in treasury	3,729,653	15,745
Shares outstanding	71,029,208	4,516,350

Total value of the investments of BGHL based on the estimated NAV for the shares outstanding	€725 million
Market capitalisation of BGHL based on the share price for the shares outstanding <i>Amsterdam (AEX) market close for the Euro Shares & London (LSE) market close for the Sterling shares</i>	€523 million

IV. BGHL COMPOSITION

The proceeds of the initial public offering of BGHL have been invested into the Sark Fund as of October 31, 2006 (net of a certain amount retained by BGHL for working capital requirements). The proceeds of the secondary offering of BGHL (approximately €534 million) have been entirely invested into the Sark Fund: €530 million as of July 1, 2007 and approximately €4 million as of August 1, 2007 (as a result of the over-allotment).

In addition to having 100% of its proceeds invested into the Sark Fund, BGHL is invested in private equity companies.

A. SARK FUND LIMITED

Note that trade examples detailed in each strategy below are among the best and worst performances of the month.

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Market conditions continued to be very tough in October. European equities markets were down 14.70% over the month and touched the lowest point of the year with the Eurostoxx 50 at 2293 on October 27, 2008. Volatilities on stock markets rose substantially, the VIX index moved up to 59.9% from 39.4% and the VStoxx Index up to 60.7% from 40.4%. Credit markets also suffered with the Itraxx Crossover Index (Series 9) at 829bps (+238 bps over the month).

Credit strategies

Our credit portfolio cost 87bps* to the fund in October. The negative performance stems mainly from mark-to-market adjustments within our loan portfolio and to a lesser extent from some of our bond positions. We believe that the corporate positions have found a floor for now, and are now trading at a very reasonable premium to recovery value. This may not be the case for financials, but we believe our positions are good value to hold, as they post annual yields of 24% and 26% for 18 months senior unsecured risk.

We have monetized some of our short positions in the widening of spreads throughout the month. Most of those were focused on cyclical companies with refinancing issues. We believe the credit market is now at a crossroad. Indeed, the implied default probability on the Crossover index stood at approximately 50% on October 31, 2008 (or around 13% on a 1 year basis). For 0% default rate, the 1 year breakeven is 295bps of further widening. On the one hand, this optically seems quite attractive. On the other hand, if defaults pick-up aggressively from here in the high yield space (if only to 5-7%), given this month's volatility, one should expect to earn much more to be compensated for risk ... i.e. probably go long Crossover (BB-) over 1000bps... especially given where cash instruments trade, and how much recovery is still mispriced by the market, according to us. Carry is not a strong argument for the market as it could remain careless of fundamentals for the foreseeable future.

Therefore we do not think we are yet at a turning point. We will nevertheless reduce our short positions which lack short term catalysts (as we had done in September for the long side), and focus on the ones with 2009-1H2010 refinancing risks. BWICs and redemptions will continue to weigh on the market, at least until the end of US and Europeans fiscal years.

* Estimated figures

Equity Strategies

Equity strategies were flat in October. The book is now very limited and we kept only few high conviction trades. This month, we continued to benefit from hedges put in place through gamma trades. We also took profit on our short position in SAP following the announcement of its profit warning early in the month. On the negative side, our long term investments cost us in this very challenging environment.

Volatility strategies

Convertible bond arbitrage

Convertible bonds continued to suffer substantial losses this month on a global basis. According to Hedge Fund Research Inc., the convertible arbitrage strategy was down for the year approximately 50% as of October 31, 2008 as measured by the HFRX Convertible Arbitrage Index. The Index lost around 35% just in October. Despite the market having already experienced historic losses in September, the turmoil continued with a new wave of convertible portfolio selling, which in a vicious circle of de-leveraging, prompted even more forced sales by convertible investors. The dynamics of the past months remain fully in force, with a clear search of risk reduction, notably in anticipation of forthcoming fund redemptions, and the technical issues caused by short-selling restrictions, increased haircuts and collateral requirements at prime brokers. This resulted in an even more illiquid and dislocated market. Whilst it is hard to foresee a strong rebound of the market in the coming months, especially as we believe the above mentioned technicals will not disappear any time soon, and, as we go into 2009, the fundamentals may deteriorate substantially and fuel investors' concerns over the valuation of (in particular) credit sensitive convertibles, we believe there are some encouraging signs and reasons to hope for an improvement of the convertible market. First, some bonds are now exceptionally cheap, by any metrics, and we have actually witnessed fresh bids on some of the healthiest and most liquid names in the last week of October and the first days of November. Given the lack of liquidity in the market, it is unclear whether those bids were actually filled or whether they just helped the market marginally recover without any significant trade printing, but at least, the extreme cheapness of some bonds seems to have triggered a break in forced selling and an increase on the demand side. Second, whilst the primary market was completely closed since July in Europe, we believe it is noticeable and very interesting for the future of the asset class that Barclays actually managed to raise £4.05bn on the last day of the month through a mandatory convertible bonds offering which managed to attract enough demand to place £1.25bn in the market (with the rest subscribed by Qatar Holding and Sheikh Mansour of Abu Dhabi). This new issue was priced at expensive terms for Barclays with a 9.75% coupon and a conversion price set at a c. 25% discount to the previous close, but it shows that the convertible bonds market can still provide funding for companies struggling to raise cash. It should be noted that despite the short selling ban on financial companies, convertible investors were actually allowed to short the Barclays shares as long as they were given their formal allocation of the deal, which, we believe, was absolutely crucial for the success of the placing.

In this extremely challenging environment, our convertible bonds book contributed -149bps* to the performance of the fund, as we continued to experience losses in our low delta / credit sensitive convertibles. The very few such names that we still have in our portfolio now offer yields in excess of 30% for below 2-year durations. Our volatility positions (high delta convertibles with no or limited credit risk) were globally flat this month on a delta-hedged basis as we own bonds trading at or very close to their parity value and as we kept our equity hedge on a high delta during October.

Mandatory convertible bond arbitrage

Our mandatory convertible bond book was up this month with a +38bps* contribution to the fund's performance. Most of this came from our position in the UBS / BBVA mandatory exchangeable bonds which regained some ground (although marginally when compared to the previous month's mark down), as its parity value increased with the detachment of the dividend. The Fortis mandatory convertible bonds were also a bit better as the purchase of the Dutch banking and

* Estimated figures

insurance activities (including the issuer of the mandatory convertible bonds) by the Government of the Netherlands reassured investors over the payment of coupons of this tier one instrument going forward.

Corporate warrant arbitrage

This month, corporate warrant arbitrage reversed September's gain with a -6bps* contribution to the Sark's performance on a small mark down.

Gamma Trading

Gamma trading posted +151bps* to the fund's performance. October was another month with strong volatility across all asset classes. A lot of events contributed to increase the volatility on equities: vote on the revised Paulson plan, release of Q3 results, bad economic figures, continued worries on the solidity of the financial system, as well as on global growth. For instance, SAP posted an unexpected profit warning which fit our long gamma position on the name. Forced selling and cuts of positions on volatility positions saw the front month volatilities touched new records. Scarce liquidity on single stock options led us to increase our long gamma positions on the liquid Euro Stoxx 50 that became as a result a strong contributor of our positive performance this month. In addition to this, we experienced strong gains thanks to our long gamma position on Volkswagen that saw sharp erratic moves due to a number of technical reasons.

Trading

Trading contributed +5bps* to the performance of the fund this month.

As of November, 2008, Sark Master Fund Limited's assets under management were approximately €1.4bn.

* Estimated figures

ANNEX 1: SARK FUND GREEKS

Greeks		
Delta	1.23%	1.23 bps P&L variation for market +1%
Gamma	0.92 %	Delta variation for market +1%
Vega	18.9 bps	By vol point
Vega with maturity weight (1/sqrt(T))	15.2 bps	By vol point
Theta	-1.87 bps	By day
Rho	-0.25 bps	For 1 bp of interest rates increasing
Credit sensitivity	-1.5 bps	For 1 bp of credit spreads widening

ANNEX 2: SARK FUND PERFORMANCE ATTRIBUTION

Contribution to the performance*	
Credit strategies	-87 bps
Credit	-83 bps
Capital Structure Arbitrage	-4 bps
Equity strategies	0 bps
Risk Arbitrage / Special Situations	55 bps
Value with Catalyst / Value	-56 bps
Volatility strategies	34 bps
Mandatory Convertible Bond Arbitrage	38 bps
Convertible Bond Arbitrage	-149 bps
Gamma Trading	151 bps
Warrant Arbitrage	-6 bps
Trading	5 bps
TOTAL	-47 bps

ANNEX 3: SARK FUND EQUITY AT RISK

Equity at Risk	
Credit Strategies	8.5%
Credit	7.3%
Capital Structure Arbitrage	0.7%
Restructurings	0.4%
Equity Strategies	9.3%
Risk Arbitrage	0.0%
Special Situations	0.4%
Value with Catalyst	8.3%
Value	0.6%
Volatility Strategies	20.8%
Mandatory Arbitrage	18.0%
Convertible Bond Arbitrage	2.2%
Gamma Trading	0.6%
Warrants Arbitrage	0.0%
Trading	0.2%
Trading	0.2%
TOTAL	38.8%

* Estimated figures

ANNEX 4: SARK FUND GROSS EXPOSURE

	In M€
Credit strategies	
Long	269
Short	80
Equity strategies & Trading	
Long	340
Short	250
Convertible bond & Mandatory arbitrage	
Long	1,433
Short	1,132
Gamma trading	
Long	233
Short	233
Warrant arbitrage	
Long	-
Short	-
Gross Exposure	3,969

	Long	Short
<i>Credit strategies</i>	\sum market value long	\sum Abs(market value short)
	\sum Abs (notional short for CDS)	\sum notional long for CDS
<i>Equity strategies & trading</i>	\sum delta long	\sum Abs(delta short)
<i>Convertible bonds & Mandatory arbitrage</i>	\sum market value long	Abs(\sum [delta equity + options])
<i>Gamma trading</i>	\sum Abs (delta equity)	\sum Abs(delta equity)
<i>Warrant arbitrage</i>	\sum delta long	\sum Abs(delta short)

ANNEX 5: SARK FUND HISTORICAL RETURNS SUMMARY

Sark Fund Euro share class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
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%	-0.47%*	-	-	-16.36%*	29.12%*

Sark Fund US Dollar share class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
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%	-0.54%*	-	-	-16.84%*	31.41%*

* Estimated figures

ANNEX 6: SARK FUND 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%	0.57%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	0.35%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.65%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	-0.63%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-2.19%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.59%
7	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%	-2.14%
8	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%	-2.18%
9	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	-1.86%
10	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -12.5%	-2.00%
11	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -12.5%	-2.06%
12	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -12.5%	-1.74%
13	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 12.5%	-2.26%
14	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 12.5%	-2.30%
15	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 12.5%	-1.96%
16	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-2.00%
17	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.30%
18	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-2.68%
19	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.25%
20	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.09%
21	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.54%
22	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-2.81%
23	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.07%
24	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.76%
25	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.47%
26	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.41%
27	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.15%
28	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.91%
29	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	1.86%
30	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	2.56%
31	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	3.27%
32	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	2.22%
33	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	2.96%
34	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	3.72%
35	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 25%	1.68%
36	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 25%	2.37%
37	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.09%
38	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 25%	2.05%
39	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 25%	2.78%
40	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.54%
	Worst		-2.81%

❖ **Stress tests with small and mid caps adjustments**

	Scenario	Description	Impact % of NAV
1	Delta - spot up	Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	0.97%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	-0.03%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.65%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	-0.63%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-2.19%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.59%
7	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%	-2.54%
8	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%	-3.00%
9	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	-3.09%
10	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -12.5%	-2.40%
11	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -12.5%	-2.87%
12	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -12.5%	-2.97%
13	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 12.5%	-2.66%
14	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 12.5%	-3.11%
15	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 12.5%	-3.19%
16	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-1.81%
17	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.10%
18	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-2.49%
19	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.05%
20	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	1.89%
21	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.54%
22	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-2.81%
23	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.26%
24	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.95%
25	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.67%
26	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.80%
27	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.54%
28	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%	4.30%
29	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	2.06%
30	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	2.75%
31	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	3.47%
32	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	2.61%
33	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	3.35%
34	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	4.11%
35	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 25%	1.87%
36	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 25%	2.57%
37	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.28%
38	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 25%	2.44%
39	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 25%	3.18%
40	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.94%
	Worst		-3.19%

❖ **Stress tests assuming a third of risk arbitrage trades breaks in case market drops by more than 10%**

	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%	0.19%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.65%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	-0.63%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-2.19%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.59%
7	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%	-2.30%
8	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%	-2.59%
9	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	-2.47%
10	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -12.5%	-2.16%
11	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -12.5%	-2.47%
12	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -12.5%	-2.35%
13	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 12.5%	-2.42%
14	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 12.5%	-2.71%
15	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 12.5%	-2.57%
16	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-1.92%
17	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.21%
18	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-2.60%
19	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.17%
20	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.00%
21	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.54%
22	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-2.81%
23	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.15%
24	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.84%
25	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.56%
26	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.58%
27	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.32%
28	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%	4.08%
29	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	1.95%
30	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	2.64%
31	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	3.36%
32	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	2.39%
33	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	3.13%
34	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	3.89%
35	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 25%	1.76%
36	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 25%	2.46%
37	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.17%
38	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 25%	2.22%
39	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 25%	2.96%
40	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.72%
	Worst		-2.81%

B. PRIVATE EQUITY INVESTMENTS

The private equity investment, entered into on May 23, 2007 and financed by a loan facility, is in the unlisted securities resulting from the public offer made by Apollo on Countrywide Plc, the largest network of UK real estate agents. BGHL holds Castle HoldCo 1 Ltd shares and Castle HoldCo 2 Ltd debt securities.

The historical price paid by BGHL for the unlisted securities was approximately £12m. The Investment Manager acquired its investment in Castle HoldCo for BGHL from certain other funds it manages. The purchase price paid by BGHL for the unlisted securities was equal to the cost to those other funds of acquiring those unlisted securities.

The Company entered into a second small private equity investment in Rasaland on June 27, 2008 for \$10m. This investment is currently marked at cost.

Both investments represent less than 1% of its assets under management.

V. BOUSSARD & GAVAUDAN ASSET MANAGEMENT UPDATE

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 (public database > notification > 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 (public database > notification > price-sensitive press releases);
- the Company's website: www.bgholdingltd.com (Investor Relations > Financial announcements).

Hire

We are pleased to welcome Djordjé Grujic who is working with our chief financial officer on accounting and financial matters. Djordjé previously worked as a financial controller at Euroman, before joining in 2005 Hewitt Associates as an accountant. Djordjé obtained a bachelor of sciences in economics from the American University of Paris and a postgraduate diploma from the University of Nice-Sophia-Antipolis.

Update on proposed switching mechanism

Since its announcement on September 17, 2008, the Company has, together with its legal advisers, been in discussions with the regulatory authorities with regard to its proposal to make available a facility to permit shareholders to switch their ordinary shares in the Company for shares in the Sark Fund, the underlying fund in which the Company's assets are primarily invested.

The Company continues to believe that it would, in principle, be beneficial to shareholders to effect a structure of this nature, since it would mitigate a significant amount of selling pressure to which the Company's shares are currently subject. However, it has become apparent that legal and regulatory requirements are such that it is not practical to proceed with this proposal.

The Company's Directors believe, therefore, that the implementation of a switching mechanism is not viable at this time and that the interests of shareholders will be best served by the continued implementation of the Company's discount management policy. The Company's authority to make market purchases of up to 14.99 per cent. of each class of its shares was renewed at the extraordinary general meeting on October 31, 2008. The Board intends to convene a further extraordinary general meeting in November to refresh that authority.

Sincerely,

E. Boussard & E. Gavaudan

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Disclaimer

This newsletter contains forward-looking statements, including statements relating to market conditions and environments, estimated performance of investment strategies, investment activities and funding of BGHL. Such forward-looking statements involve unknown risk, uncertainties and other factors, which may cause the actual results, financial condition, performance or achievement of BGHL, or market conditions or investment strategies, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. BGHL does not undertake an obligation to update its forward-looking statements to reflect future events.

This announcement is not (i) an offer to sell or a solicitation of any offer to buy the ordinary shares of BGHL (the "Securities") or any other securities in the United States or in any other jurisdiction, (ii) any invitation or inducement to engage in investment activity or financial promotion of any kind, or (iii) investment advice or a recommendation.

BGHL is established as an investment company domiciled in Guernsey. BGHL has received the necessary approval of the Guernsey Financial Services Commission and the States of Guernsey Policy Council. BGHL 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.

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.

BGHL has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act"). In addition, the Securities have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"). Consequently, the 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 BGHL to register under the Investment Company Act. Accordingly, US Persons acquiring the Securities are subject to significant restrictions on transfer. In addition, US persons who are not qualified purchasers (within the meaning of section 3(c)(7) of the Investment Company Act) will be prohibited from purchasing the Securities at any time, including on the secondary market. No public offering of the Securities has been or will be made in the United States.

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.