



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 29 March 2018

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 29 March 2018 (“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

	29-Mar-18	29-Dec-17
Assets under management (€m)	699	689
Market capitalisation (€m)	582	570
Shares outstanding	29,390,809	29,390,809

	NAV per Share		Share price*		Discount to NAV	
	€ shares	£ shares	€ shares	£ shares	€ shares	£ shares
29-Mar-18	€ 23.78	£21.05	€ 19.80	£17.30	-16.74%	-17.80%
29-Dec-17	€ 23.45	£20.71	€ 19.40	£17.55	-17.26%	-15.25%
Performance	1.43%	1.63%	2.06%	-1.42%		

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

III. PERFORMANCE

European markets dropped during the quarter with the Eurostoxx 50[®] delivering -4.1%. VStoxx[®] finished March at 17.4%, up from 13.5% and iTraxx Crossover (S28)[®] ended the quarter at 248bps (15bps wider).

1. BG Fund

At 1 April 2018, the Company is exposed to BG Fund by approximately 107% of its net asset value. The Company's maximum allowable exposure to BG Fund is 110% of its net asset value.

From 1 January to 29 March 2018, BG Fund (EUR A share class) finished the quarter up, delivering +1.4%, primarily driven by equity special situations.

1.1. Volatility strategies

Mandatory Convertible Bond Arbitrage

Mandatory convertible bonds contributed positively this quarter, mainly due to Alibaba as the bonds started to converge to fair value with maturity date of June 2019.

Convertible Bond Arbitrage

Convertible bond contribution (excl. mandatories) to the performance of the fund was almost flat with very few names in the book.

During the quarter, market activity was once again mostly concentrated in new issues with a significant proportion on a "non-dilutive" basis. These issues were generally very expensive from an arbitrage perspective; as a consequence, the Investment Manager did not participate. The secondary market activity was mainly muted and no specific opportunities arose during the period.

Volatility Trading

Volatility trading contributed negatively this quarter.

After waiting so many months for volatility to materialize, when it finally arrived the performance of the volatility book was a little disappointing.

Given the differential in realised US and European vol, some strategies were fully cut on stop-loss as well as the hedge against a prolonged period of low volatility. On the other hand, the remaining positions led to some reasonable gains, but with the relatively low position sizes the Investment Manager decided to keep most of these as defensive positions. Overall market illiquidity and the high cost of vol of vol during the sell-off also prevented the Investment Manager from being as active during the period of market correction as has previously been possible.

While staying long tail risk, the Investment Manager managed to increase both dispersion positions and vega positions on Eurostoxx 50[®] during the quarter.

1.2. Equity Strategies

Equity strategies were the biggest contributor to the performance of the fund.

Corporate activity was buoyant this quarter with a flurry of new deals announced. The equity portfolio benefited from this general environment as well as from strong performance from the financials book during the earnings season.

In addition, the volatile environment during the period was interesting for the fund's long gamma profile, as it provided multiple opportunities to trade around positions and to further increase some of the biggest positions.

With the heightened levels of corporate activity observed, the Investment Manager remains very positive for equity strategies and remains closely focused on current positions while looking for new opportunities which arise. As always, the Investment Manager also intends to continue purchasing options to maintain the long gamma profile which helps to protect the portfolio in periods of market stress.

1.3. Credit Strategies

Capital Structure Arbitrage

The contribution of capital structure arbitrage was flat. Despite a more volatile environment during this quarter, the volatility hiccup was too short lived to provide new dislocations and good entry points. The Investment Manager however managed to trade around and increase some existing positions especially towards the end of the period. The Investment Manager still believes an environment where interest rates are rising should offer better opportunities within this strategy.

Credit Long / Short

Credit markets started the year with a positive tone, before weakening as volatility returned to risk asset markets. Cash markets overall felt fairly resilient, with limited secondary flows and most activity focused on the very active primary markets. Limited specific news flows impacted the portfolio this quarter. The small negative performance from this strategy is mainly explained by outperformance of the hedges (including rate hedges which rallied on the back of a broader risk-off).

Credit Special Situations

Credit special situations contributed positively overall this quarter with a significant dispersion from individual positions.

On the positive side, the fund benefited from the implementation of the financial restructuring plan of CGG. Besides the successful restructuring, the position benefited from several positive idiosyncratic developments contributing to the normalisation of the company and also from better momentum on the oil sector in general.

On the negative side, the Cobalt situation was a major disappointment. The auction of assets to support an orderly wind up of the business became an essentially failed process and the Investment Manager underestimated the scenario which evolved where bidders joined forces, reducing price competition. Bids consequently ended up being far lower than the Investment Manager's expectations as well as the expectation of management and their advisors. Given the lack of an obviously competitive process, as part of the Chapter 11 proceedings an investigation was initiated. Litigation focused funds have also now taken positions in the convertible bonds.

1.4. Trading

Trading contributed positively this quarter, primarily driven by the equity quantitative trading.

2. Investments Other Than BG Fund

As well as its investment in BG Fund, the Company has other investments. At 1 April 2018, the net asset value of these investments represents less than 5% of the net asset value of BGHL.

The contribution of other investments was almost 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 main asset is a majority interest in ACTUR its private subsidiary. ACTUR's other shareholders are Mexican public institutions. ACTUR owns land developing assets (Mandarina and Xala projects) and a minority interest in the publicly-traded company RLH Properties (ticker: RLHA:MM). RLH Properties owns majority interests in the Four Seasons hotel in Mexico City and in four hotels in Cancun (Fairmont hotel, Rosewood hotel, Banyan Tree and the Hyatt Andaz hotels and the Camaleon PGA Golf Course) and RLH Properties owns land lots in the Mandarin area on which the One & Only hotel and the Rosewood hotel are being developed.

Based on recent indications that BGHL would only be able to exit at a material discount to RLI's NAV, BGHL decided to mark down the position by -50% in May 2017. The position is valued at 50% of the NAV calculated by RLI's administrator.

In July 2017, BGHL purchased 9,075,135 shares of Rasaland. BGHL currently holds 19,075,103 shares which represents approximately 10.1% of the share capital of RLI.

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 10 May 2017, Mannai Corporation ("Mannai") announced an agreement for the acquisition by Mannai of the remaining stakes held by Bousard & Gavaudan and Apax. The announcement is available here: http://www.altamir.fr/news/press-releases.html?LANG=EN&langue=EN&LangUser=EN&RefACT=ACTUS-0-351&ACT_Type1=2&ID=ACTUS-0-48598&CLIENT=ACTUS-0-351.

In accordance with this agreement, BGHL sold two thirds of its position in July 2017 at a price of €8.00 per share for a total amount of €20,232,688 and is expected to sell the remaining third in June 2018 at a price of €8.50 per share for a total amount of €11,076,851.50.

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.

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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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