



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 28 September 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 July to 28 September 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

	28-Sept-18	29-Jun-18
Assets under management (€m)	678	693
Market capitalisation (€m)	573	582
Shares outstanding	29,390,809	29,390,809

	NAV per Share		Share price*		Discount to NAV	
	€ shares	£ shares	€ shares	£ shares	€ shares	£ shares
28-Sept-18	€ 23.06	£20.52	€ 19.50	£17.20	-15.43%	-16.16%
29-Jun-18	€ 23.59	£20.92	€ 19.80	£17.35	-16.08%	-17.07%
Performance	-2.27%	-1.93%	-1.52%	-0.86%		

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

III. PERFORMANCE

European markets were almost flat this quarter with the Eurostoxx 50[®] at +0.1%. VStoxx[®] finished at 14.8%, down from 16.6% and iTraxx Crossover S29[®] ended September at 280 bps (40 bps tighter on the quarter).

1. BG Fund

At 1 September 2018, the Company is exposed to BG Fund by approximately 109% of its net asset value. The Company's maximum allowable exposure to BG Fund is 110% of its net asset value.

From 1 July to 28 September 2018, BG Fund (EUR A share class) finished the quarter down -2.0%, primarily impacted by equity strategies.

1.1. Volatility strategies

Mandatory Convertible Bond Arbitrage

Mandatory convertible bonds contributed positively, primarily due to the fund's main positions trading generally higher.

Convertible Bond Arbitrage

Convertible bond contribution (excl. mandatories) to the performance of the fund was slightly negative in a context of unusually low secondary market activity, even taking into account the usual summer slowdown. The Investment Manager doubted that liquidity would improve and therefore took the opportunity at the beginning of the period to sell various positions. The size of the convertible book is now significantly reduced.

Volatility Trading

Volatility trading posted a slightly positive contribution to the performance of the fund, mainly due to currency arbitrage positions and equity dispersion trades.

Despite some erratic moves during the period, the longer-term market volatility pattern did not change much, and most realised volatilities drifted lower along with implied volatilities. In this subdued realised volatility environment, the Investment Manager managed to offset theta spend by actively trading around existing positions.

1.2. Equity Strategies

Equity strategies were the main negative contributor to performance. The fund was impacted by specific idiosyncratic news at the beginning of the earnings season, which resulted in negative performance for several positions. In particular, the fund suffered a large loss on a position in Playtech following a profit warning.

The Investment Manager also saw a significant negative contribution from market rotations, with a continued trend of value underperforming momentum. These materially impacted parts of the portfolio, specifically the financials book and some investments in the telecom sector.

On the positive side, special situations and risk arbitrage performed well. The Investment Manager has continued to deploy capital into these strategies during the period, while reducing risk on investments with softer catalysts.

Overall, volatility remained relatively muted and the Investment Manager was not able to fully benefit from the fund's long gamma profile. The Investment Manager expects to maintain the long gamma profile going into the autumn where a number of catalysts are perceived that could drive market volatility.

1.3. Credit Strategies

Capital Structure Arbitrage

Capital Structure Arbitrage posted a slightly positive contribution to performance. Credit and equity asset classes evolved with a generally synchronised tone during the quarter and so limited new opportunities appeared. Nevertheless, the Investment Manager managed to generate positive performance thanks to active trading and price volatility in one of the primary positions of the sub-strategy.

The Investment Manager will continue to carefully monitor cross-asset dynamics to try to identify new idiosyncratic situations.

Credit Long / Short

Credit long / short made a positive contribution for the quarter driven by financials positions in the portfolio.

Credit markets performed relatively well during the period after a weak end to the prior quarter. Markets benefited from inflows into the asset class and we saw new issues in the primary market being well-received. This notwithstanding, the Investment Manager remains cautious overall and has reduced the overall exposure, while monitoring for relative dislocations or idiosyncratic opportunities that could emerge.

Credit Special Situations

Contribution from credit special situations was positive with constructive news flow and developments on the fund's positions.

1.4. Trading

Trading contributed positively during the period.

2. Investments Other Than BG Fund

In addition to its investment in BG Fund, the Company has an investment in a private holding company. As of 28 September 2018, the net asset value of this investment represents about 1% of the net asset value of BGHL.

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 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.

IV. OUTLOOK

Financial prospects for the coming months will be linked to the level of opportunities that emerge 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.

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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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