

BOUSSARD & GAVAUDAN HOLDING LIMITED

MAY 2017 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 annualized return in excess of 10% (net of all fees).



III. SHARE INFORMATION as of 31 May 2017

Net Asset Value (NAV)	Euro share	Sterling share
Estimated NAV*	€ 23.7618	£20.8930
Estimated month to date return*	1.14%	1.19%
Estimated year to date return*	7.30%	7.47%
Estimated inception to date return*	137.62%	108.93%

Euro share	Amsterdam (AEX)	London (LSE)
Market close	€ 19.51	-
Premium / discount to estimated NAV	-17.89%	-

Sterling share	Amsterdam (AEX)	London (LSE)
Market close	-	£16.43
Premium / discount to estimated NAV	-	-21.39%

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	29,184,957	528,912
Shares held in treasury	322,842	-
Shares outstanding	28,862,115	528,912

	BGHL
Total value of the investments of BGHL based on the estimated NAV for the shares outstanding	€ 699 millions
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	€ 573 millions

* 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%	-0.36%	1.12%	2.06%	-1.92%	3.56%	0.87%	-1.47%	0.80%	4.80%	1.25%	15.65%	106.55%
2016	0.48%	2.02%	1.18%	0.70%	1.68%	-0.59%	0.78%	0.47%	-0.01%	-1.08%	0.09%	1.32%	7.22%	121.45%
2017	0.59%	1.55%	0.08%	3.78%	1.14%*								7.30%*	137.62%*
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%	-0.41%	1.12%	1.91%	-1.97%	3.04%	0.91%	-1.41%	0.79%	4.31%	1.17%	14.08%	80.95%
2016	0.09%	2.09%	1.24%	0.75%	1.70%	-0.49%	0.84%	0.54%	0.04%	-1.02%	0.07%	1.38%	7.44%	94.40%
2017	0.63%	1.58%	0.13%	3.77%	1.19%*								7.47%*	108.93%*

* 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 June 2017, BGHL is exposed to BG Fund up to approximately 107% of its net asset value. BGHL maximum possible exposure to BG Fund is 110% of its net asset value. In addition, BGHL has other investments.

A. BG FUND

European equity markets took a pause in May, with realised and implied volatilities remaining at low levels. Against this backdrop, BG Fund ended the month up, returning +1.37% for the USD A share class. Performance was driven by equity strategies and in particular the rally in the Telecom sector and the exit of the GFI investment.

Eurostoxx 50 finished May slightly down (-0.14%) on the month. VStoxx ended the month at 14.6% down from 17%. iTraxx Crossover (S26) ended April at 227bps (14bps tighter for the month).

Volatility strategies

Mandatory convertible bond arbitrage

Mandatory convertible bonds contributed +7bps. Mandatories traded a little higher this month, explaining most of the performance. There was no new issue and flows were limited in May.

Convertible bond arbitrage

The convertible bonds' contribution (excl. mandatories) to the performance of the fund was +12bps in May. As in April, the secondary market was mostly muted. New issues were limited except a retap on a non-dilutive convertible bond on Vinci and a small issue of bond plus warrant on GN Store.

Valuations continued to be driven by special situations. The European convertible bond universe is expensive and it is difficult to find opportunities.

Volatility Trading

Realized Vol	Spot level 28/04 (VIX / V2X)	Monthly realized Vol (ES1 / VG1)	Difference
US	10.82	7.44	-3.39
EUROPE	17.05	10.04	-7.01
Implied Vol	May. Vol Index Fut as of 28/04	May. Vol Index Fut as of 31/05	Vol move
US	13.13	11.83	-1.30
Europe	16.95	15.20	-1.75

Volatility trading contributed -19bps in May.

Once again, the realised volatilities on the major equity indices were subdued, especially on European indices. Consequently, there has been a relatively strong repricing lower of long dated volatilities on the Eurostoxx50 as well as the Nikkei. The break of the latest technical of the S&P500 led to a restriking of long dated volatilities, pushing them higher and steepening the volatility term structure. These absolute and relative moves had a strong negative impact on the monthly performance.

Looking ahead, we continue to keep our long volatility bias and we remain focused on maintaining the best reward between convexity and theta to avoid having too much drag on the performance in this low volatility environment.

Equity strategies

May was another month where the equity market exhibited a very low volatility. The equity portfolio returned a positive 144bps, helped in particular by the rally of the Telecom sector and the exit of the GFI investment.

The fund finalised the sale of its remaining stake in GFI: we sold 2/3rd of the position upfront to be settled on 10 July and we agreed on a one year forward sale of the remaining 1/3rd at a fixed price, no longer subject to any condition. The fund realised the full profit. Following this transaction, the fund bears no more risk on the name.

The Telecom sector performed well during the month. The sector was trading at a multi-year low relative to the rest of the market. It was well supported by the sentiment that price pressure was coming to an end and we saw several telecom operators raising prices across Europe. Additionally, during its earnings release, Vodafone reassured on its dividend coverage, which comforted the market in its sentiment that the sector had suffered too much.

Credit strategies

Capital Structure Arbitrage

Capital structure arbitrage was flat this month. Volatility remained subdued in May and both asset classes continued to grind higher. The credit asset class slightly outperformed equity but the overall market configuration did not change significantly with both asset classes, once again, moving with high correlation.

This quiet tone prevented us from trading actively around our existing positions and did not offer any new idiosyncratic opportunities.

Credit long / short

Credit long / short was -1bp in May. Credit markets were well orientated, both in cash and synthetic markets. Patterns observed in previous month were prevailing again: in a low volatile environment, the market continued to reach new highs based on healthy demand both in primary and secondary markets. In financials, the main idiosyncratic outperformance came from our long position in French insurer Groupama's bonds. Following strong full-year results, the bonds were upgraded to investment grade by Fitch and therefore will be added to the investment grade indices. In corporate high-yield, primary markets continued to offer some interesting trading opportunities.

Credit special situations

Credit special situations contributed negatively this month (-8bps). The main negative contributor was our long position in the unsecured high-yield bonds of CGG. This is a developing restructuring situation. Mark-to-market in May was driven by the company reporting, alongside Q1 results, that a financial restructuring agreement was still to be reached amongst various stakeholders.

Trading

Trading contributed net +1bp; -9bps came from quantitative equity trading, +7bps from systematic trend following, +5bps from trading using A.I and -3bps from others.

B. DIRECT INVESTMENTS OTHER THAN BG FUND

On top of its investment in BG Fund, BGHL has other investments. As of 31 May 2017, the net asset value of these investments represents less than 5% of the net asset value of BGHL.

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 Mandarin, Xala & Seramai resorts 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 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.

The position was marked down 50%.

GFI Informatique ("GFI")

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 Boussard & 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 is expected to sell two thirds of its position in July 2017 at a price of €8.00 per share, and to sell the remaining third in June 2018 at a price of €8.50 per share.

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 June 2017, BG Group assets under management are at €4.5bn.

Sincerely,

E. Boussard and E. Gavaudan

Investment Manager

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VII. ANNEXES ON BG FUND

Annex 1: Greeks

Delta	12.3%	12.3 bps P&L variation for market +1%
Gamma	6.5%	delta variation for market +1%
Vega	20 bps	by vol point
Theta	-46 bps	by 30 days
Optional theta	-50 bps	by 30 days
Rho	-1 bps	for 1 bp of interest rates increasing
Credit sensitivity	-1 bps	for 1% of credit spreads widening (in relative)

Annex 2: Performance Attribution *

Volatility Strategies	0 bps
Mandatory convertible bond arbitrage	7 bps
Convertible bond arbitrage (incl. credit convertible bonds)	12 bps
Volatility trading	-19 bps
Equity Strategies	144 bps
Risk arbitrage / Special situations	28 bps
Long / short trading with short-term catalyst & Value	116 bps
Credit Strategies	-8 bps
Credit long / short	-1 bps
Capital structure arbitrage	0 bps
Credit special situations	-8 bps
Trading	1 bps
Quantitative equity trading	-9 bps
Systematic trend following	7 bps
Trading using A.I	5 bps
Other	-3 bps
Total	137 bps

Annex 3: Equity at Risk

Volatility Strategies	17.7%
Mandatory convertible bond arbitrage	11.7%
Convertible bond arbitrage (incl. credit convertible bonds)	4.0%
Volatility trading	1.9%
Equity Strategies	36.2%
Risk arbitrage / Special situations	14.9%
Long / short trading with short-term catalyst & Value	21.3%
Credit Strategies	2.9%
Credit long / short	0.7%
Capital structure arbitrage	0.0%
Credit special situations	2.2%
Trading	5.2%
Quantitative equity trading	2.6%
Systematic trend following	1.8%
Trading using A.I	0.2%
Other	0.5%
Cash Equivalents	1.1%
Total	63.0%

* Estimated figures for USD A share class

Annex 4: Gross Exposure (in % of AUM) *		
Volatility Strategies		
Mandatory convertible bond arbitrage	Long	88.2%
	Short equity	70.3%
	Short credit	0.0%
Convertible bond arbitrage (incl. credit convertible bonds)	Long	7.5%
	Short equity	2.7%
	Short credit	0.0%
Volatility trading	Long	63.6%
	Short	66.2%
Equity Strategies		
Risk Arbitrage / Special Situations	Long	31.1%
	Short	14.4%
Long / Short trading with short-term catalyst / Value	Long	93.6%
	Short	81.8%
Credit Strategies		
Credit long / short	Long	9.7%
	Short	5.6%
Capital structure arbitrage	Long	0.1%
	Short	0.5%
Credit special situations	Long	1.5%
	Short	0.6%
Trading		
Quantitative equity trading	Long	12.9%
	Short	12.8%
Systematic trend following	Long	63.8%
	Short	48.1%
Trading using A.I	Long	1.6%
	Short	0.6%
Other	Long	1.5%
	Short	7.1%
Gross Exposure		685.8%

* Some trades initially in Credit long / short are now reported in Credit special situations

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

USD 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%	-0.20%	1.01%	1.76%	-1.72%	2.60%	0.81%	-0.97%	0.51%	2.47%	1.12%	10.77%	134.56%
2016	0.05%	2.04%	1.35%	0.86%	1.64%	-0.55%	1.16%	0.52%	0.14%	-0.81%	0.03%	1.35%	8.03%	153.39%
2017	0.63%	1.59%	0.38%	3.93%	1.37%*								8.12%*	173.96%*

* Estimated figures

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

EUR 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%	-0.21%	0.93%	1.79%	-1.73%	2.58%	0.78%	-1.01%	0.47%	2.59%	0.96%	10.60%	127.06%
2016	0.00%	1.98%	1.21%	0.79%	1.62%	-0.65%	1.07%	0.43%	0.03%	-0.92%	-0.03%	1.21%	6.91%	142.74%
2017	0.51%	1.53%	0.26%	3.75%	1.22%*								7.46%*	160.84%*

GBP A Share Class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
BG Fund														
2016	-	-	-	-	-	-	-	-	-	-	0.03%	1.26%	1.29%	1.29%
2017	0.57%	1.57%	0.32%	3.74%	1.31%*								7.70%*	9.09%*

* Estimated figures

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

General Stress Tests

	Scenario	Description	Impact % of NAV
1	Delta - spot up	Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	3.22%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	-0.56%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.37%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	-0.35%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-0.27%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	0.32%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0%	-0.20%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%	0.09%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%	1.46%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	3.62%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -50%	0.57%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -50%	1.96%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -50%	4.14%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 50%	-0.36%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 50%	0.99%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 50%	2.67%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%	1.14%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%	1.47%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	0.84%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	0.20%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	-0.49%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	0.10%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-0.61%
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	1.42%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%	1.73%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	2.05%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	3.27%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.54%
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 : 50%	1.02%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 50%	1.32%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 50%	1.65%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 50%	2.89%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 50%	2.77%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 50%	3.06%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 100%	0.62%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 100%	0.92%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 100%	0.48%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 100%	1.79%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 100%	2.05%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 100%	2.32%
Worst			-0.61%

* We changed our methodology for bumping rate curve to be more in line with the market reality

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%	4.11%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	-1.46%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.37%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	-0.35%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-0.27%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	0.32%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0%	-0.66%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%	-1.30%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%	-4.12%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	-4.52%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -50%	-0.82%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -50%	-3.61%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -50%	-3.99%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 50%	-1.74%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 50%	-4.60%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 50%	-5.50%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%	1.58%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%	1.91%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	1.28%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	-0.25%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	-0.94%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	0.10%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-0.61%
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	1.87%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.17%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	2.50%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	4.16%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	4.43%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%	4.71%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 50%	1.46%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 50%	1.76%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 50%	2.09%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 50%	3.77%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 50%	3.66%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 50%	3.94%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 100%	1.06%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 100%	1.37%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 100%	0.93%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 100%	2.68%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 100%	2.94%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 100%	3.21%
	Worst		-5.50%

Annex 7: IFRS 13 Classification as of 30 April 2017

	% of NAV	Number of positions
Assets		
Level 1	65.2%	205
Level 2	68.5%	1187
Level 3	3.1%	14
Cash & cash equivalents	34.6%	3
Total Assets	171.5%	1409
Liabilities		
Level 1	-69.5%	157
Level 2	-2.0%	65
Total Liabilities	-71.5%	222
Total Assets + Liabilities	100.00%	1631

	% of NAV
• Encumbered cash and cash equivalents	
– Cash - Derivatives Clearing Organisation	10.9%
– Cash - Counterparties	2.5%
– Money market fund	3.5%
– Cash covering a short market value	0.0%
• Unencumbered cash and cash equivalents	
– Cash covering a short market value	17.7%
– Short-term papers < 90 days	0.0%
– Excess cash	0.0%
Total Cash and cash equivalents	34.6%

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

- 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	200%	105%
Gross method	200%	114%

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