

BOUSSARD & GAVAUDAN HOLDING LIMITED

SEPTEMBER 2009 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 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 annualised return in excess of 10% (net of all fees).

III. SHARE INFORMATION

NAV	Euro Shares	Sterling Shares
Estimated NAV	€12.1123	£11.5727
Estimated Month to date return	3.22%	3.23%
Estimated Year to date return	24.43%	19.11%
Estimated Inception to date return	21.12%	15.73%

Euro Shares	Amsterdam (AEX)	London (LSE)
Market close	€9.88	-
Premium / discount to estimated NAV	-18.43%	-

Sterling Shares	Amsterdam (AEX)	London (LSE)
Market close	-	GBX 985.00
Premium / discount to estimated NAV	-	-14.89%

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	60,347,179	1,689,104
Shares held in treasury	4,246,841	-
Shares outstanding	56,100,338	1,689,104

Total value of the investments of BGHL based on the estimated NAV for the shares outstanding	€701 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>	€572 million

IV. BGHL COMPOSITION

The proceeds of the initial and secondary public offerings have been invested into the Sark Fund (net of a certain amount retained by BGHL for working capital requirements and other requirements).

In addition to having substantially 100% of its assets under management invested into the Sark Fund, BGHL has one investment 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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European equities markets pursued their rally in September with the Eurostoxx 50 up +3.5%. Volatilities on stock markets started to decrease: the VDAX index ended at 24.2% from 27.1% and the VSTOXX index at 26.8% from 29.5%. Credit spreads continued to tighten further this month with the iTraxx Europe Crossover index finishing at 570 from 598bps.

Credit strategies

Credit strategies contributed by 91bps* to the performance of the fund in September.

Capital Structure Arbitrage contributed by 24bps*, thanks to Long Debt/Short Equity trades, part of which were monetized during the month. Indeed we significantly reduced the pocket of short volatility trades in this strategy this month.

The performance of our Long/Short Credit strategies is due to two recovery plays which are still in the process of migrating from stressed levels. At large, we have not taken profit on both of these investments as we believe the credit spreads for both of these companies can tighten further. This is due to both stock and debt refinancing, which have significantly decreased their cost of capital.

Since the summer, we had not reduced our short credit pocket, and on the contrary have started to increase it by buying protection on low beta Investment Grade names that have potential M&A events as widening catalysts. We have focused on buying long dated CDS (6-7y) in order to keep them for a long period of time. We have also reduced the beta of our portfolio by buying iTraxx Index protection.

We believe that this credit cycle will continue to improve on a fundamental basis. From a spread perspective, the double support of (i) unbelievably easy central bank policy and (ii) incredibly stable long term Government bonds may nevertheless not form a guarantee for further tightening in the short to medium term. Indeed, while Financial sector deleveraging, increasing availability of bank credit/corporate bond demand, and the ongoing balance sheet repair within the corporate sector are fundamental supports, it seems to us that credit markets have anticipated a much steeper recovery than our own anticipations (or that of the equity markets). All Corporate credit spreads do not look extremely rich on an absolute basis, but when you compare Credit yields to Dividend yields, this may tell you that Credit, as an asset class, may “be ahead” of equities in terms of economic recovery anticipation... Or, it may also tell you that equities (and as a matter of fact long

* Estimated figures

term government yields as well) do not anticipate the same fundamental economic improvements in the medium term.

Central bank stimulus remains fully on tap, lending surveys continue to improve and balance sheet repair remains the primary focus for most issuers. While market participants continue to worry about the polar extremes of inflation and deflation, the truth is that neither is likely in the near term. We nevertheless anticipate a much more volatile end of year, with less new issuance to drive performance, and have therefore decided to increase the Long Vol/Short pocket of our Credit portfolio.

Equity Strategies

Equity strategies contributed a positive 213bps* to the performance of the fund in September.

There were two main drivers to the performance this month. On one hand, our historical trades continued to rally and outperformed their hedges; on the other hand, we benefited from the re-opening of equity capital market activity. We have been active this month in primary and secondary offerings. In particular, we participated in the HeidelbergCement share placement which we viewed as a very interesting investment opportunity in the Building Materials sector: (i) attractive valuation and (ii) compelling equity story with an ideal recovery play on the U.S and U.K. markets.

To a lesser extent, the special situation trade in Cadbury also posted a positive return. We initiated a sizeable position in the beginning of the month given the attractive transaction, the limited downside and a good optionality in the trade. As the spread tightened towards the end of the month, we decided to reduce the position and take some profit.

We continue to focus on selective trades and are active these days on very liquid pair trades (telecommunication, construction, banks and media sectors for instance). Finally, by the end of the month, we decided to tighten our hedges as the market had performed quite well but fundamental economics remain shaky.

Equity markets may be at a turning point. Corporates who need to refinance and are not allowed to raise money from bank loans may opt for the capital market. M&A activity can reactivate as Corporates who went through the crisis and strengthened their balance sheet may take the opportunity to bid on competitors in a more stabilized market.

Volatility strategies

Convertible bond arbitrage

Following the very strong momentum experienced since the beginning of 2009, convertibles bonds continued to perform strongly in September. Our convertibles portfolio (excl. mandatories) contributed +111bps* to the performance of the Sark Fund this month.

The Fortis CASHES were once again one of the key contributors to these gains, with the bond's 'yield-to-perpetuity' tightening by 60bps over the month to 10-yr swap + 680bps. This compares to around 10-yr swap + 450bps for liquid, non-callable-in-the-short-term, BNP Paribas tier 1 bonds. We remain convinced by our investment case in this position and that, despite the very strong rebound in 2009 YTD, the steep discount in the Fortis CASHES, as well as its unfavourable regulatory treatment (only €0.6bn of tier 1 capital treatment in BNP Paribas accounts for a €3.0bn issue), create a very attractive opportunity for BNP Paribas to restructure such bonds.

* Estimated figures

The rest of the credit-sensitive part of our convertible bonds portfolio also performed very well, on the back of increased investors' risk appetite and chase for yield across the board. In a context of extremely low short-term yields, short-dated, straight debt proxies were in demand. In some instances, such bonds were bid up strongly on the back of refinancings and/or buybacks by their issuers (e.g. Alcatel, Subsea, TUI/TUI Travel).

Following the temporary slump in primary activity witnessed in August, new European convertible issuance amounted to around €4.1bn through 12 deals. Whilst some of them were very attractively priced, such as the new €1.0bn Alcatel 5% 2015 (priced with a 5% coupon and a 35% conversion premium), others came at expensive levels (UCB 4.5% 2015, Salzgitter 1.125% 2016) or with very low prospectus protection (Gedeon Richter 4.4% 2014) on the back of strong outright investors' appetite for Investment Grade paper; new deals were also priced on expensive terms for small caps A-Tec and Euronav. In this context, we have adopted a more cautious stance vis-a-vis new issues, as we see growing signs that the pricing power has turned to the benefit of issuers; we have played the calendar selectively as a result.

In addition, and despite the structural changes which have occurred in the past 12 months in the European convertibles market (less leverage globally, an investor base now much more balanced thanks to the rise of outright investors, and a renewal of the asset base through intense primary activity), we believe convertibles remain very much subject to liquidity potentially drying up in case of a shift in investor sentiment and we therefore continue to favour short-dated paper where refinancing is not an issue on one side, and the most liquid high delta / low-premium-to-parity bonds on the other side.

Mandatory convertible bond arbitrage

Mandatories posted a modest loss this month, with a contribution of -25bps* to the fund's performance, essentially driven by the softening of the UBS / BBVA mandatory exchangeable bond. Despite the significant improvement in the market perception of UBS' credit risk (5-yr senior CDS down 20bps to 95bps in September), the decline in BBVA's volatility, and the prospects for a sustained BBVA dividend, the bonds traded lower, we believe on the back of some profit taking (as this bond has been one of the best performer since the beginning of this year) and amidst limited volumes.

Our trade in the Figaro / Vallourec mandatory matured this month, with the bonds mandatorily exchanged for shares at the maximum conversion ratio. We had initiated this position in August 2006 when Salzgitter placed his block onto the market through a combined equity / mandatory offering.

The rest of our book was globally flat to a touch softer with limited secondary market activity overall in Europe. Yet, in this market environment we managed to selectively increase some of our positions.

Gamma trading

Markets traded slightly higher in September in a very low volatility environment, especially during the first two weeks where realized volatilities hit two year lows. During this period, we kept a minimal long Gamma exposure that resulted in a -6bps* performance for the month.

We believe volatility levels have normalized somewhat since the spike this time last year and we see opportunities to re-enter long positions on selected names.

* Estimated figures

Trading

Trading posted -5bps* spread across the board.

As of 1 October 2009, Sark Master Fund Limited's assets under management were approximately €1.17 billion.

* Estimated figures

ANNEX 1: SARK FUND GREEKS

Greeks		
Delta	-1.2%	-1.2 bps P&L variation for market +1%
Gamma	0.7%	Delta variation for market +1%
Vega	10.4 bps	By vol point
Vega with maturity weight (1/sqrt(T))	8.7 bps	By vol point
Theta	6.05 bps	By day
Rho	0.1 bps	For 1 bp of interest rates increasing
Credit sensitivity	0.6 bps	For 1 bp of credit spreads widening

ANNEX 2: SARK FUND PERFORMANCE ATTRIBUTION

Contribution to the performance*	
Credit strategies	91 bps
Credit	68 bps
Capital Structure Arbitrage	24 bps
Equity strategies	213 bps
Risk Arbitrage / Special Situations	11 bps
Value with Catalyst / Value	202 bps
Volatility strategies	80 bps
Mandatory Convertible Bond Arbitrage	-25 bps
Convertible Bond Arbitrage	111 bps
Gamma Trading	-6 bps
Warrant Arbitrage	0 bps
Trading	-5 bps
TOTAL	379 bps

ANNEX 3: SARK FUND EQUITY AT RISK

Equity at Risk	
Credit Strategies	15.8%
Credit	6.5%
Capital Structure Arbitrage	0.6%
Restructurings	8.6%
Equity Strategies	20.5%
Risk Arbitrage	0.3%
Special Situations	0.5%
Value with Catalyst	18.2%
Value	1.6%
Volatility Strategies	19.9%
Mandatory Arbitrage	16.9%
Convertible Bond Arbitrage	1.8%
Gamma Trading	1.2%
Warrants Arbitrage	0.0%
Trading	1.6%
Trading	1.6%
TOTAL	57.7%

* Estimated figures

ANNEX 4: SARK FUND GROSS EXPOSURE

	In M€
Credit strategies	
Long	376
Short	187
Equity strategies & Trading	
Long	408
Short	371
Convertible bond & Mandatory arbitrage	
Long	751
Short	566
Gamma trading	
Long	93
Short	93
Warrant arbitrage	
Long	0
Short	0
Gross Exposure	2,846

	<i>Long</i>	<i>Short</i>
<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%	-0.44%	-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%	3.79%*				23.24%*	54.90%*

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%	0.16%	-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%	3.83%*				23.18%*	58.51%*

* 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%	0.47%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	0.50%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.42%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	-0.39%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-2.09%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.68%
7	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%	-2.21%
8	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%	-1.68%
9	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	-0.46%
10	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -12.5%	-2.28%
11	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -12.5%	-1.76%
12	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -12.5%	-0.55%
13	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 12.5%	-2.13%
14	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 12.5%	-1.60%
15	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 12.5%	-0.38%
16	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-1.98%
17	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.54%
18	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-2.39%
19	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.23%
20	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.46%
21	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.68%
22	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-2.47%
23	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.34%
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%	3.22%
26	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.67%
27	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.12%
28	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.60%
29	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	2.36%
30	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	2.78%
31	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	3.24%
32	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	2.70%
33	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	3.15%
34	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	3.63%
35	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 25%	2.37%
36	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 25%	2.80%
37	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.26%
38	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 25%	2.72%
39	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 25%	3.17%
40	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.65%
	Worst		-2.47%

❖ **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%	1.48%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	-0.47%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.42%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	-0.39%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-2.09%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.68%
7	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%	-3.19%
8	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%	-3.61%
9	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	-3.33%
10	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -12.5%	-3.27%
11	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -12.5%	-3.70%
12	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -12.5%	-3.41%
13	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 12.5%	-3.11%
14	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 12.5%	-3.53%
15	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 12.5%	-3.24%
16	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-1.48%
17	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.03%
18	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-1.89%
19	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	2.73%
20	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	1.97%
21	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.68%
22	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-2.47%
23	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.83%
24	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.26%
25	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.72%
26	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	3.67%
27	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	4.12%
28	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%	2.83%
29	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	2.85%
30	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	3.28%
31	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	3.74%
32	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	3.69%
33	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	4.15%
34	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	2.84%
35	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 25%	2.87%
36	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 25%	3.30%
37	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.75%
38	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 25%	3.72%
39	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 25%	4.17%
40	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 25%	2.86%
	Worst		-3.70%

❖ **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%	0.81%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	0.17%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.42%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	-0.39%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-2.09%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.68%
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%	-2.50%
9	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	-1.70%
10	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -12.5%	-2.62%
11	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -12.5%	-2.59%
12	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -12.5%	-1.78%
13	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 12.5%	-2.46%
14	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 12.5%	-2.42%
15	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 12.5%	-1.61%
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%	-1.37%
18	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-2.23%
19	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.06%
20	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.29%
21	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.68%
22	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-2.47%
23	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.50%
24	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.93%
25	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.38%
26	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	3.01%
27	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.46%
28	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.94%
29	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	2.52%
30	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	2.95%
31	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	3.40%
32	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	3.03%
33	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	3.48%
34	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	3.96%
35	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 25%	2.54%
36	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 25%	2.96%
37	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.42%
38	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 25%	3.05%
39	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 25%	3.50%
40	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.98%
	Worst		-2.62%

B. PRIVATE EQUITY INVESTMENTS

On top of its investment in the Sark Fund, BGHL may enter into private equity investments. BGHL has one investment in the portfolio.

Rasaland

The Company entered into a private equity investment in Rasaland in June 2008 for \$10 million. This investment represents approximately 1% of the 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).

Sincerely,

E. Boussard & E. Gavaudan

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Disclaimer

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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 Company is listed on Euronext Amsterdam and on the London Stock Exchange ("LSE").

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 the Sark Fund Limited have 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.