

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
Boussard & Gavaudan Holding Limited

For the year ended 31 December 2022

Boussard & Gavaudan Holding Limited

Contents

For the year ended 31 December 2022

ANNUAL REPORTS

Management and Service Providers	2
Glossary of Terms	3
Chairman's Statement	4-5
Investment Manager's Report and Financial Highlights	6-14
Directors' Report	15-27
Report of the Audit Committee	28-33
Alternative Investment Fund Managers Directive Report	34-35
Management Report	36

REPORT OF INDEPENDENT AUDITOR 37-42

FINANCIAL STATEMENTS

Statement of Financial Position	43
Statement of Comprehensive Income	44
Statement of Changes in Equity	45
Statement of Cash Flows	46
Notes to the Financial Statements	47-63

Boussard & Gavaudan Holding Limited
Management and Service Providers
For the year ended 31 December 2022

Directors (*Directors are non-executive and independent for the purpose of LR15.2.12-A*)

The current Board of Directors is as follows:

Erich Bonnet (Appointed on 29 July 2022)
Fred Hervouet, Chairman (Appointed on 31 August 2022)
Sylvie Sauton, Senior Independent Director
Luke Allen, Chairman of the Audit Committee (Appointed on 31 August 2022)

The following Directors served during the course of the year until their respective resignation dates:

Andrew Henton (Chairman until resignation on 11 March 2022)
Andrew Howat (Chairman from 11 March until resignation on 22 September 2022)
Julia Goh (Appointed on 11 March 2022, resigned on 29 August 2022)
Bruce James (Resigned on 29 August 2022)
Nathalie Esposito (Appointed on 29 July 2022, resigned on 7 September 2022)

Investment Manager

Boussard & Gavaudan Investment Management LLP
One Vine Street
London, W1J 0AH
United Kingdom

Boussard & Gavaudan Holding Limited website

<https://www.bgholdingltd.com/index.php>

for the latest information

Legal Advisors

(English and United States law)

Herbert Smith Freehills LLP
Exchange House, Primrose Hill
London EC2A 2HS

Legal Advisors

(Dutch law)

Stibbe N.V.
Strawinskylaan 2001
1077 ZZ Amsterdam
The Netherlands

**Administrator, Corporate Secretary and
registered address**

JTC Fund Solutions (Guernsey) Limited
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 2HT

Registrar and CREST Service Provider

JTC Registrars Limited
Ground Floor, Dorey Court, Admiral Park,
St Peter Port
Guernsey GY1 2HT

Legal Advisors

(Guernsey law)

Carey Olsen
Carey House
Les Banques, St Peter Port
Guernsey GY1 4BZ

Independent Auditor

Ernst & Young LLP
Royal Chambers
St Julian's Avenue
St. Peter Port
Guernsey GY1 4AF

Sub-Administrator

SS&C Financial Services LLC
One South Road, Harrison
NY 10528
USA

**Euroclear Nederland
Paying, Issuing, Transfer,
Proxy & Conversion Agent
F. Van Lanschot Bankiers N.V**

Listing Agent

Kempen & Co N.V.
Beethovenstraat 300
1077 WZ Amsterdam
The Netherlands

Custodian

BNP Paribas Securities Services
PO Box 158
Liberte House
19-23 La Motte Street, St Helier
Jersey JE4 5RL

Boussard & Gavaudan Holding Limited

Glossary of Terms

For the year ended 31 December 2022

Set out below are details of the management company, funds and some other commonly used terms as used within this report.

Management company

BGIM / Investment Manager Boussard & Gavaudan Investment Management LLP

Funds

BGHL / the Company Boussard & Gavaudan Holding Limited
Umbrella Fund BG Umbrella Fund PLC
BGF BG Fund (a sub-fund of the Umbrella Fund)
Master Fund BG Master Fund ICAV
BG Eire Fund BG Eire Fund ICAV

Commonly used terms

AFM Authority for the Financial Markets
AIC Code The AIC Code of Corporate Governance published by the Association of Investment Companies in 2019.
AIF Alternative Investment Fund for the purposes of the AIFMD
AIFM Alternative Investment Fund Manager for the purposes of the AIFMD
AIFMD The Alternative Investment Fund Managers Directive, Directive 2011/61/EU
AIFMD Regulations The Alternative Investment Fund Managers Regulations 2013 made by H.M. Treasury in the United Kingdom
AUM Assets Under Management
Board The Board of Directors
Code The UK Corporate Governance Code published by the UK's Financial Reporting Council in July, 2018
Companies Law The Companies (Guernsey) Law, 2008, as amended
Concert Party The Investment Manager, together with persons considered to be acting in concert with the Investment Manager
EONIA Euro Overnight Index Average (Euro benchmark based on interbank lending)
€STR The Euro Short Term Rate which is the risk-free rate of the Euro area
Exane Exane BNP Paribas
Financial Statements Financial Statements for the year ended 31 December 2022
IFRS International Financial Reporting Standards (as adopted by the European Union)
NAV Net asset value
UCITS Ucits of undertakings for collective investment in transferable securities
VIX Volatility index
Year The year ended 31 December 2022

Boussard & Gavaudan Holding Limited

Chairman's Statement

For the year ended 31 December 2022

Dear Shareholders,

I am pleased to present to you the Annual Report and Audited Financial Statements of BGHL for the Year.

Performance during 2022

From 1 January to 31 December 2022, BGHL's NAV for the Euro and Sterling shares decreased respectively by (4.90)% and (3.47)%, and the associated market prices decreased by (4.72)% for the Euro shares and increased 5.26% for the Sterling share. As at 17 April 2023 (the last practicable date prior to publication of this report) the share price discount to NAV for the Euro shares stood at circa 17.20%.

The Investment Manager is targeted to deliver a consistent annualised appreciation of NAV over the course of an economic cycle of €STR+500bps. The Board remains satisfied with the performance of the Investment Manager as judged by this benchmark, with the absolute return over the past five years for the Euro shares being 3.44%. The lack of correlation between equity markets and NAV appreciation remains a stand out feature; over the past 19 year returns have been generated with a Beta of less than 0.1 compared to the STOXX Euro 600 index.

Performance attribution for 2022 was mixed. Volatility Strategies were positive across all sub-strategies including Mandatory Convertible Bond Arbitrage, Convertible Bond Arbitrage and Volatility trading. Generally, as central bank attitudes on interest rates became less dovish and expectations for a tapering of global quantitative easing increased, the Investment Manager successfully identified mispricing and arbitrage opportunities within Volatility Strategies. Conversely Credit Strategies, Trading and Equity strategies were negative overall. Detracting the most from returns were the Equity Risk Arbitrage and Special Situations sub-strategies. Notably specific positions in these categories were impacted by the Russian invasion of Ukraine where a combination of disruption to energy supply chains and a significant increase in energy prices created some very tough operating conditions for specific corporates. This led several special situation and risk arbitrage deals to fail to proceed as expected. The affected positions were unwound and there is no longer any exposure to these situations.

Situation at the beginning of 2023

The Investment Manager began the New Year cautiously but optimistic given the growing opportunities in Convertible Bonds and Credit Special Situations. The year has subsequently been coloured by a series of bank failures in the US and Europe starting with Silicon Valley Bank in the US, and then, albeit unrelated, Credit Suisse in Europe. The continued hawkish stance of central banks and their robust interest rate tightening path has been questioned by markets, and has resulted in some unprecedented reversals and short term turmoil in many asset classes. This was most notably in government bonds, with the price of the US 2 year Treasury falling by over 100bp in the course of 3 days, the biggest one day move in decades. The Investment Manager takes a generally very prudent approach to risk management, and generally avoids macro risks where possible, however the scale of this interest rate move led to significant equity rotations during March which impacted performance. Looking forward the Investment Manager expects the resulting environment to be very fruitful especially for Convertible Bond Arbitrage and Mandatory Convertible Bond Arbitrage. Corporates are facing increasing re-financing costs and in conjunction are finding it much harder to refinance debt through normal bank channels. They are instead having to use private credit and capital markets, and often using volatility to subsidise their borrowing through issuance of convertible bonds. The tighter financing environment and macro backdrop also paves the way for a distressed credit cycle where companies are unable to refinance and which will provide many opportunities for the Investment Manager.

Share price discount to NAV

The Euro share class traded at a discount within the range of 14.2% to 22.9% during the Year. Whilst the discount has continued to narrow, it remains wider than the maximum of 15% that is targeted. Share buy back activity during the Year amounted to 83,611 shares, representing 0.67% of the issued share capital. Since the corporate action which took place at the end of 2019, 21.15% of the Company's shares have been bought back. Whilst the share buy back mechanism remains the principal instrument being used to address the share price discount, a combination of (i) strong investment performance (attracting new buyers of the Shares) and; (ii) a deliberate policy of retaining liquidity to take advantage of market opportunities, saw the Investment Manager being more opportunistic with its use of the share buy back mechanism.

The Board remains focused on a vote on the continuation of the Company ("Continuation Vote") which is due to be proposed at the annual general meeting to be held by the end of September 2023.

Boussard & Gavaudan Holding Limited
Chairman's Statement
For the year ended 31 December 2022

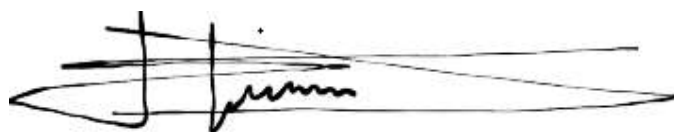
Board succession, governance and risk management

In relation to board changes during the course of the year I draw your attention to the Director's' Report on page 15 where these are set out in full.

With regard to the review of the business, performance, allocation and risk analysis, I refer you to the Investment Manager's Report and Financial Highlights. In addition, I refer you to the Directors' Report, which describes BGHL's corporate governance systems. As an investment company with no employees, the Board considers its core stakeholder constituency to be its Shareholders. Other stakeholders include BGHL's service providers and regulators.

For your continuing information, BGHL publishes on its website (www.bgholdingltd.com) daily and monthly NAVs and monthly newsletters based on data provided to it by the Sub-Administrator and the Investment Manager.

On behalf of the Board, I would like to thank you for your ongoing support.

A handwritten signature in black ink, appearing to read 'Fred Hervouet', is written over a horizontal line. The signature is stylized with a large initial 'F' and a long, sweeping tail.

Fred Hervouet
Chairman

27 April 2023

Boussard & Gavaudan Holding Limited

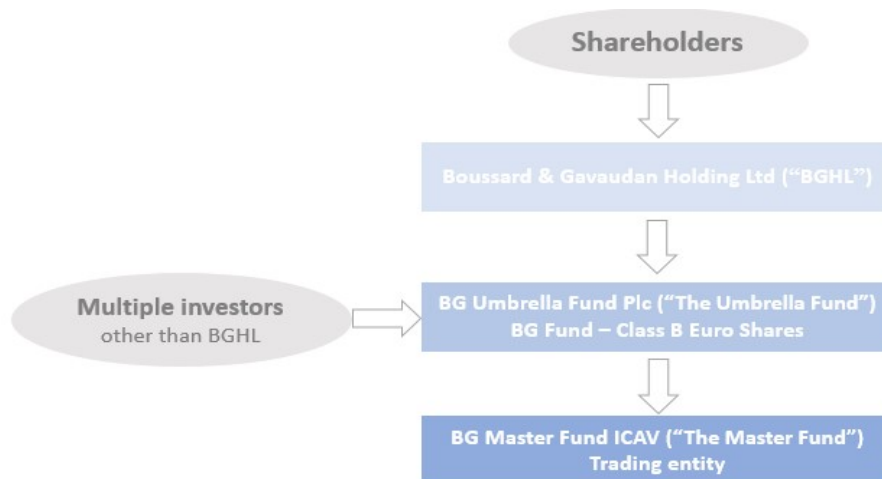
Investment Manager's Report and Financial Highlights

For the year ended 31 December 2022

1. Background and Structure

Boussard & Gavaudan Investment Management LLP is the Investment Manager of BGHL, the Umbrella Fund and of the Master Fund.

The Umbrella Fund, BGF and the Master Fund structure.



BGHL invests in Class B Euro shares which are a separate Euro-denominated share class of BGF. BGF is a sub fund of the Umbrella Fund, predominantly owned by investors other than BGHL. BGHL is not subject to management fees and performance fees at BGF level in order to avoid multiple layering of fees. The Investment Manager receives management fees and performance fees in respect of its role as Investment Manager of BGHL.

The Umbrella Fund was incorporated under the laws of Ireland as a public company with limited liability on 16 November 2011 under the Companies Act 1990 with registration number 506116. The Umbrella Fund is authorised by the Central Bank of Ireland (the "Central Bank") as a designated investment company pursuant to Part XIII of the Companies Act, 1990 and also as a qualifying investor alternative investment fund ("QIAIF"). The Umbrella Fund is structured as an umbrella fund with segregated liability between sub-funds. Each sub-fund of the Umbrella Fund maintains a single pool of assets subject to any allocations made to a class in accordance with the requirements of the Central Bank. The assets of each sub-fund are segregated from one another and are invested in accordance with the investment objectives and investment policies applicable to each such sub-fund and as set out in the relevant supplement to the Umbrella Fund's prospectus.

BGF is a sub-fund of the Umbrella Fund, launched on 3 January 2012, which invests substantially all of its assets into the Master Fund. BGHL is therefore exposed to the strategies offered by the Master Fund.

The Master Fund is an open-ended Irish collective asset-management vehicle (ICAV) with variable capital incorporated under the laws of Ireland under the Irish Collective Asset-management Vehicles Act 2015 with registration number C154515. The Master Fund is also authorised by the Central Bank of Ireland as a QIAIF. The Master Fund, which is the trading entity, maintains a single pool of assets subject to any allocations made to a share class in accordance with the requirements of the Central Bank.

2 Investment policies

2.1 BGHL's investment policy

BGHL invests its assets in order to deliver an exposure to multiple alternative investment strategies. The Investment Manager is responsible for the day-to-day management of BGHL's investments. BGHL seeks to achieve its investment objective by investing the proceeds of fund raising, net of any amounts retained to be used for working capital requirements, into BGF. BGF in turn invests in the Master Fund and, by utilising its borrowing powers, makes leveraged investments. BGHL invests through a share class which will not be subject to management or performance fees at the level of the underlying hedge fund.

BGHL's investments may include the acquisition of minority or majority interests in unlisted companies or listed companies. The Investment Manager may also make private equity investments through investing in funds that have a private equity investment focus.

When taken with the returns achieved from BGF, investments other than the investment in BGF as described above are intended to allow BGHL to achieve an attractive return. BGHL's investments in assets other than BGF are expected to consist of investment opportunities that are identified by the Investment Manager, but which are not pursued by BGF due to risk profiles or liquidity profiles inconsistent with those of BGF.

Boussard & Gavaudan Holding Limited

Investment Manager’s Report and Financial Highlights

For the year ended 31 December 2022

The full investment policy, which includes gearing and asset allocation is available on BGHL’s website.

2.2 The Master Fund’s investment policy

The investment objective of the Master Fund, in which BGF is mainly invested, is to seek to achieve an attractive return on capital consistent with principles designed to manage risk of capital loss. The Master Fund arbitrages linear and non-linear instruments that can be exchange traded or traded over the counter. The Investment Manager may use derivative financial instruments for investment purposes or to hedge against fluctuations in the relative values of the Master Fund’s portfolio positions. The investments are subject to normal market fluctuations and to the risks inherent to investment in securities. There can be no assurances that appreciation will occur. The value of financial instruments can increase as well as decrease and the Master Fund may not realise its initial investment on the disposal of its investments.

The Master Fund includes the following strategies and sub-strategies:

Volatility strategies:

- mandatory convertible bond arbitrage
- convertible bond arbitrage
- volatility trading
- warrant arbitrage & Special Purpose Acquisition Companies (SPACs) arbitrage

Equity strategies:

- merger arbitrage & special situations
- long / short trading with short-term catalyst & value

Credit strategies:

- credit long / short
- capital structure arbitrage
- restructuring / distressed securities strategies
- direct lending

Trading strategies:

- Quantitative strategies involving the use of models and data analysis based on factors. Factors may include economic indicators, market data, fundamental, and valuation factors.

3. Highlights and review of the development of the business

The Investment Manager’s role is to allocate BGHL’s capital in accordance with its investment objective which is to produce long term appreciation of BGHL’s assets. Except for its working capital, BGHL has fully invested its net assets.

The decrease in the net assets is driven by the negative performance of the investment portfolio, by net redemptions and to a lesser extent by the impact of buybacks of shares.

BGHL (in Euro)	31 Dec 2022	31 Dec 2021	Variation %
Net assets	345,246,903	365,631,454	(5.58)%

On 24 February 2022, Russia began a large-scale military invasion of Ukraine. World leaders have condemned Russia’s attack on Ukraine, stating it is a breach of international law. Allies of Ukraine have implemented sanctions against Russia, including financial sanctions and export controls, intended to place pressure on Russia’s economy. The conflict has had an impact on global markets. Russian assets have become particularly risky. During the Year, the portfolio had no direct exposure to Russian securities and Russian-related assets, Ukraine or Belarus.

4. Environmental Social Governance (“ESG”) approach

The Investment Manager is committed to maintaining an investment approach that incorporates ESG factors as well as responsible investment considerations to best serve its clients’ interests. The Investment Manager is committed to playing its role in the transition to a lower carbon global economy, as it considers climate change to be a key issue for the future, as well as a source of risks and opportunities.

Since 10 December 2021, the Master Fund has changed its classification to Article 8 under SFDR (Sustainable Finance Disclosure Regulation), a Fund which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

The Investment Manager’s ESG policy has been updated and expanded to reflect recent progress. The full text, including updated policies on coal and diversity & inclusion can be found on BGIM’s website: <https://www.boussard-gavaudan.com/en/p/24/esg-policy>.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the year ended 31 December 2022

5. Performance

BGHL's Euro and Sterling share prices and NAV per share were as follows:

BGHL	Ticker Bloomberg	Price*		Performance**	
		31 Dec 2022	31 Dec 2021	2022	5 years annualised
Euro share – Price	BGHL NA Equity	€ 22.20	€ 23.30	(4.72)%	2.73%
Euro share – NAV	-	€ 27.77	€ 29.20	(4.90)%	3.44%
Sterling share – Price	BGHS LN Equity	£ 20.00	£ 19.00	5.26%	2.65%
Sterling share – NAV	-	£ 24.43	£ 25.31	(3.47)%	3.35%
€STR Capitalised	ESTRON Index	1.89	(0.59)	0.07%	(0.39)%
HFRX Equal Weighted Strategies Index	HFRXEWE Index	1068.24	1,134.19	(5.81)%	(1.21)%

*Price for all indices except €STR which is a yield.

**The €STR “5 years annualised” performance is a composite index which has been calculated using the EONIA capitalized with a spread from 1 January 2017 to 31 October 2019 and then using the €STR capitalized from 31 October 2019. A composite is required until 31 October 2024 when the 5-year history on €STR will be available.

BGHL's NAV is calculated by BGHL's Sub-Administrator, SS&C Financial Services LLC. BGHL's Euro and Sterling Share prices are provided by Euronext Amsterdam and the London Stock Exchange, respectively. Past performance is not indicative of future results.

BGHL's investment objective is to deliver an annual return, net of fees, of 400 to 600 basis points above the “risk free rate” over the business cycle, irrespective of market performance. The risk-free rate for these purposes is “€STR capitalised”.

The NAV of the Euro shares depreciated by 4.90% over the Year and appreciated by 3.44% annualised over the past five years. The €STR capitalised composite index returned (0.39)% over the past five years, leading to an outperformance by the Company of 3.83%, almost within the range of its long-term objective.

BGHL has outperformed the Euro HFRX Equal Weighted Strategies Index over the past five years.

The Investment Manager's actions affect BGHL's performance and NAV per Share. Although the NAV per Share influences BGHL's share prices on the Amsterdam and London stock exchanges, the Investment Manager has little direct influence on the share prices and on the discount between the share prices and the NAVs per share. The performance of BGHL's Sterling NAV per share tracks the performance of BGHL's Euro NAV per share, plus/minus the impact of the EUR/GBP hedge compared to a perfect hedge.

6. Risk Management

Through a rigorous investment process, the Investment Manager identifies and assesses risks before investing.

6.1 Risk Management Organisation and Policy

The Investment Manager has established a Risk Management unit, segregated from the Portfolio Management unit, which reports to its Chief Executive Officer. A Risk Management Committee oversees the Risk Management unit. Exposures are calculated using a risk management system which is a third-party proprietary software package provided by a leading risk and portfolio management solution provider. The system provides extensive real time information on the Master Fund's exposures and limits, generates sensitivity analysis and calculates stress-test scenarios. The open architecture of the system allows the Investment Manager to create specific in-house reports for risk management purposes.

6.2 Capital allocation process and Equity-at-Risk methodology

The Investment Manager uses the “Equity-at-Risk” methodology as a key indicator to monitor the leverage and solvency of the Master Fund and to allocate capital across strategies. Within each strategy, the Equity-at-Risk allocated to each trade is used to calculate the return on equity which is the ratio used to assess the profitability of a trade. The Investment Manager secures the “Excess Margin” of the funds it manages by signing agreements which allow “Haircut” levels to be fixed over a pre-agreed period of time.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the year ended 31 December 2022

Equity-at-Risk and Excess Margin methodology (continued)

Prime brokers, when providing financing to hedge funds, take a risk that they assess using their own methodology. Even though each prime broker has its own methodology and risk measure, approaches tend to be broadly similar. Risk measures are achieved by the use of "Haircuts". Haircuts reflect the level of risk attributed by a prime broker to a position. The higher the level of haircut, the higher the risk is. These methodologies take into account, to a large extent, the benefits of hedging by applying specific haircut and netting effects to hedged positions. Under these methodologies, an amount of equity, considered at risk, is allocated through the use of haircuts to each position. Each prime broker calculates its risk exposure to the sole portion of the fund's portfolio it holds. Given that prime brokers are the main financing and leverage providers, their view of the risk is central to the Investment Manager and so is the consequence of any restriction they may impose. Their measure constitutes an independent risk measurement.

The Investment Manager replicates the methodology applied by prime brokers through a model, named "Equity-at-Risk". The model, applied to the entire portfolio, is a proxy for the calculations of the prime brokers. The difference between the assets under management and the Equity-at-Risk is the "Excess-Margin". The model provides an estimation of the fund's potential for additional leverage across its prime brokers. Equity-at-Risk calculations are run every night and compared to the prime broker's calculations.

7. Capital allocation, risk and risk adjusted returns:

7.1 BGHL exposure

BGHL's investments are diversified thanks to its exposure, through BGF, to the investment strategies of the Master Fund which is its main investment.

BGHL's assets were allocated as shown in the table below.

	Holding in % AUM		
	31-Dec-2022 Exposure	Minimum Year Exposure	Maximum Year Exposure
BGHL	99.63%	99.32%	101.96%
BGF Euro B Class – NAV	100.00%	100.00%	100.00%
BGF Euro B Class – (Over)/Under exposure	(0.74)%	(1.02)%	1.65%
Other Investments	0.36%	0.34%	0.31%

Source: Boussard & Gavaudan Investment Management LLP

BGF Euro Class B's NAV is calculated by the Sub-Administrator, SS&C Financial Services LLC

During the reporting Year, BGHL complied with its Investment Policy and has maintained its gross and commitment exposure, as required under AIFMD, within the limits established by the Investment Manager.

BGHL % AUM	AIFMD Commitment method		AIFMD Gross method	
	Exposure	Limit	Exposure	Limit
31 December 2022	98.5%	200.0%	98.9%	200.0%
31 December 2021	102.7%	200.0%	103.0%	200.0%

7.2 The Master Fund exposure

The Master Fund's investments are diversified thanks to its exposure to its multiple investment strategies. The Investment Manager allocates the capital of the Master Fund according to the Equity-at-Risk methodology.

The Master Fund's usage of Equity-at-Risk by strategy were as follows:

Master Fund (% AUM)	Equity-at-Risk	
	31 December 2022	31 December 2021
Volatility strategies	16.48%	14.49%
Equity strategies	19.88%	30.60%
Credit strategies	14.12%	12.66%
Trading	13.41%	8.98%
Others	0.03%	0.02%
BGF Euro B Class – NAV	63.92%	66.75%
Excess Margin	36.08%	33.25%
Total Risk	100.00%	100.00%

Source: Boussard & Gavaudan Investment Management LLP

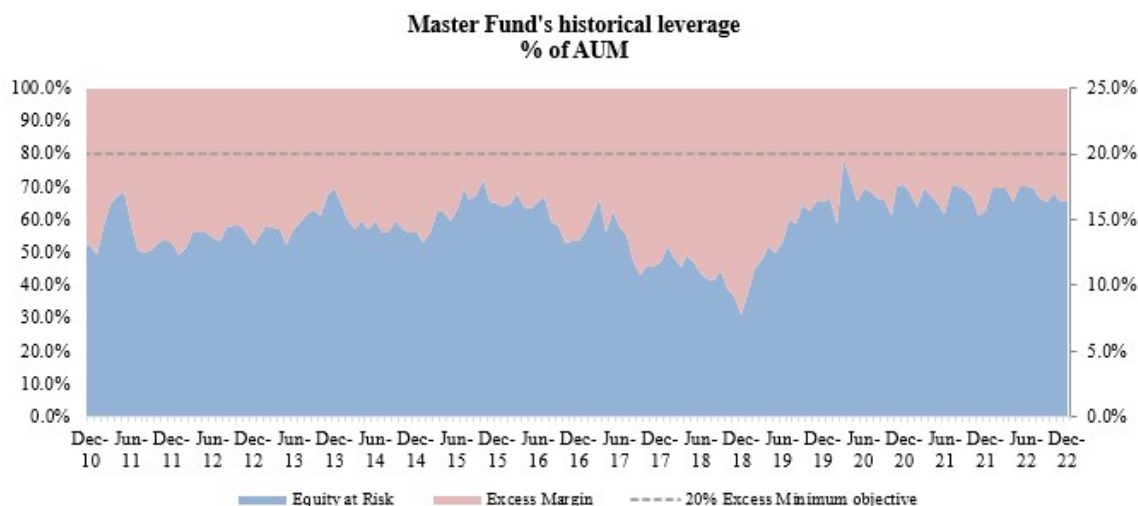
During the Year, the Investment Manager remained very selective when deploying Equity-at-Risk and sought to maintain, at the Master Fund level, a prudent Excess-Margin level at all times.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the year ended 31 December 2022

The graph below illustrates the evolution of the Master Fund's leverage.



Source: Boussard & Gavaudan Investment Management LLP

During the Year, the Master Fund complied with its Investment Policy and has maintained the gross and commitment exposures, as required under AIFMD, within the limits established by the Investment Manager.

Master Fund %AUM	AIFMD Commitment method		AIFMD Gross method	
	Exposure	Limit	Exposure	Limit
31 December 2022	356.4%	700.0%	560.5%	2,000.0%
31 December 2021	410.5%	700.0%	583.9%	2,000.0%

Source: Boussard & Gavaudan Investment Management LLP

The Investment Manager monitors carefully the risk of the asset classes to which the Master Fund is sensitive. The main asset classes are the equity, credit and volatility asset classes whose sensitivities are shown and explained below.

Asset Class	Index	Ticker Bloomberg	31 December 2022		31 December 2021	
			Master Fund's beta vs Index (5 years)	Index volatility (5 years)	Master Fund's beta vs Index (5 years)	Index volatility (5 years)
Equity	Stoxx 600	SXXP index	0.12	17.35%	0.16	15.96%
Credit	Bbg Barclays Euro Aggregate Corporate TR	LECPTRU index	0.40	4.18%	1.16	3.05%
Interest rate	Bloomberg / EFFAS	BCEE1T Index	(0.02)	5.18%	0.41	3.56%

Source: Boussard & Gavaudan Investment Management LLP

Equity. A beta sensitivity of 0.10 versus an index means that if the index increases or decreases by 1%, the Master Fund is likely to increase or decrease by 0.1%. The “Stoxx 600” index is an equity market index which represents large, mid and small capitalisation companies across the main countries of the European region.

Credit. The “Bbg Barclays Euro Aggregate Corporate TR” index is a credit market index which includes Euro issues from corporate entities. The Investment Manager believes that these indices are the most relevant equity and credit indices to compare the Master Fund with.

Interest Rate. Given that interest rate risks are essentially hedged, the Master Fund has low beta sensitivity versus the “Bloomberg/EFFAS” index which is a government bond market index.

Asset Class	Master Fund's Vega
Volatility	17 basis point by volatility point

Source: Boussard & Gavaudan Investment Management LLP

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the year ended 31 December 2022

Volatility. A vega sensitivity of 1 basis point means that an increase in volatility by 1 percentage point leads to a performance of 0.01% for the Master Fund. The Vega measures the sensitivity to volatility for a given instrument. For a given instrument, it is the derivative of its price with respect to the volatility of its underlying. The Investment Manager considers the Vega to be the best proxy of the Master Fund's sensitivity to volatility and believes there are no relevant indices to compare its volatility sensitivity against.

8. Performance analysis

8.1. Detailed allocation and performance analysis of BGHL

The Master Fund contributed negatively at 3.34% ((3.33)%NAV and (0.01)% Leveraged) to BGHL's performance during the Year.

BGHL's assets performed as shown in the table below.

	Euro Share	Sterling Share
BGHL	(4.90)%	(3.47)%
BGF Euro B Class – NAV	(3.33)%	(3.33)%
BGF Euro B Class – Under exposure	(0.01)%	(0.01)%
Other Investments	(0.01)%	(0.01)%
Foreign Exchange	-	1.65%
Share buyback	0.14%	-
Fees, miscellaneous	(1.69)%	(1.77)%

8.2. Detailed allocation and performance analysis of the Master Fund

Master Fund (% AUM)	Performance 2022	Performance 2021
Volatility strategies	1.85%	3.14%
Equity strategies	(4.44)%	7.42%
Credit strategies	(0.66)%	3.23%
Trading	(0.08)%	1.61%
Others	-	(0.01)%
BGF Euro B Class – NAV	(3.33)%	15.39%

During the Year BGF Euro B was down (3.33)%. For market context the Eurostoxx 50 total return was down (9.5)% and the S&P 500 total return down (18.1)% over the Year, with the VIX finishing the Year at 20.9%, up from 19.3% and the iTraxx Crossover Generic at 474bps, up from 215bps.

Volatility strategies

Mandatory convertible bond arbitrage

Mandatory convertible bonds had a slightly positive contribution this period. The secondary market was subdued overall and there was just one primary issue in Europe in which we participated. The mandatory convertible bond was used to partially finance the tender offer. The market really needs some new issues to reinvigorate the opportunity set and we are hopeful that the environment will see more companies coming to market.

Convertible bond arbitrage

Convertible bonds were amongst the biggest contributors during the year. Despite a challenging environment for convertible bonds with falling equities, flat credit spreads, continued inflation pressures and increasing risk-free interest rates, both our European and US convertible bond investments performed well through a mix of good stock selection, well-managed hedges and careful trading.

In Europe, the primary and the secondary markets have been muted overall. The Investment Manager remains strongly of the view that hybrid new issues will come back with renewed vigour and will lead to new and interesting opportunities.

The US convertible bond market was also under pressure throughout the year. Nevertheless, the Investment Manager managed to deliver a positive performance thanks to a combination of the hedging of a substantial portion of the interest rate exposure, the relatively high model delta of the book and active trading of positions. There were several new issues from US companies and the Investment Manager thinks these signal further demand for hybrid issuance from corporates.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the year ended 31 December 2022

Volatility Trading

The big trend seen throughout the year 2022 was the underperformance of skew: despite the market correction, the volatility did not pay as much as priced by the market. This pattern was driven by investors overall being underweight the market and already very well-hedged. In this context most of the performance from volatility trading came from the relative value strategies. The big interest rate moves triggered significant sector rotations and exacerbated sector performance dislocations especially during the first half of the year. In the second part of the Year, realised volatility stayed remarkably calm and contained however the Investment Manager managed to generate profits by actively trading around existing positions and implementing tactical trades.

Warrant arbitrage & SPACs arbitrage

Warrant arbitrage and SPACs arbitrage contributed slightly negatively during the Year.

Equity strategies

The equity strategies were the largest detractors during the year. A large proportion of the loss was attributable to an idiosyncratic special situation position in a German utility business which was severely impacted by the consequential effects of the invasion of Ukraine by Russia. Except for this position, the equity portfolio fared well overall during the initial market turmoil and the general risk-off environment that persisted during the year. The Investment Manager continues to keep the portfolio closely hedged.

With the economic environment seemingly stabilising towards the end of the year, the Investment Manager believes that corporates have become increasingly adjusted to the new environment and are already becoming much more active. This sets a very encouraging tone for the opportunity set for BG Fund's strategies in 2023.

Credit strategies

Capital Structure Arbitrage

Capital structure arbitrage was flat during the year.

Credit long / short

Credit long / short contributed positively this period primarily thanks to various bridge finance and direct lending positions. The core long short book remains relatively small.

Bridge finance / Direct Lending

The Master Fund invests in loans originated by Fiduciam Nominees Limited (<https://fiduciam.co.uk>). Fiduciam makes loans to small and medium sized enterprises in several Western European jurisdictions. The loans are secured on physical property assets. The size of the portfolio at the end of the Period was circa €66 million and the contribution to the Master Fund's performance was positive.

An ongoing risk monitoring process is carried out by Fiduciam and BG to monitor the value of the collateral.

Credit special situations

Credit special situations contributed negatively over the period with holdings impacted by a combination of lower economic growth forecasts and the overall market sell-off as well as an idiosyncratic position which had minority exposures to Russian oil. The Investment Manager remains positive about the prospects of these positions despite some short-term mark to market volatility.

Trading

Trading contributed overall slightly negatively this year with a strong performance from systematic trend following offset by weak performance from equity quantitative trading.

8.3. Detailed performance analysis of assets other than the Master Fund

In addition to its investment in the Master Fund, BGHL has an investment in Campastros, S.L.U. ("Campastros").

In 2022, BGHL made an in-kind contribution of its shares of Rasa Land Investors PLC ("RLI") to Campastros. Campastros is a holding company established in Spain for the purpose of investing in RLI and wholly owned by BGHL.

Campastros's net asset value weighting in BGHL's portfolio and contribution for the Year were marginal.

The position continues to be valued at a significant discount to the net asset value of RLI. The Investment Manager believes further downside risk on this investment is limited.

Boussard & Gavaudan Holding Limited

Investment Manager's Report and Financial Highlights

For the year ended 31 December 2022

9. Principal and Emerging Risks and Uncertainties

The Investment Manager views the key risks to investor capital to be driven by a number of factors including amongst others:

- general investment risk and the level of return generated relative to market returns, and the relative variability in those returns;
- potential impact on NAV from materially adverse movements in financial markets;
- geopolitical and macro-economic risks; and
- valuation or liquidation of assets (including assets held within the Master Fund on a look-through basis) which cannot be easily priced by reference to observable prices in a liquid market.

BGHL's main investment exposures, including the primary risks in the Master Fund in which BGHL is predominantly invested, are outlined in this report.

The key market risks are equity price risk, interest rate risk, foreign currency risk, credit risk, volatility risk and liquidity risk. In addition, the Master Fund has exposure to a diversified range of idiosyncratic risks relating to individual corporate entities. The diversified nature of the investments within the Master Fund mitigates the apparent concentration risk within BGHL.

The Investment Manager aims to continue to perform in accordance with its long-term objective of delivering consistent NAV appreciation through the business cycle. The capital invested into the Master Fund is deployed into attractive investment opportunities that are identified by the Investment Manager. These investments are generally made with the addition of leverage at the Master Fund level.

There are a number of macro-economic and geopolitical risks which may affect the broader economy and consequently the Master Fund in 2023.

The COVID-19 pandemic is deemed to have generally passed in most regions. However, there are still ongoing effects in specific countries, particularly in China. These are likely to continue to impact global economic activity and supply and demand for energy and commodities.

Concerns of persistent inflation and disruption caused to supply chains, combined with a labour shortfall and industrial disputes in a number of regions, have also increased the uncertainty of the economic outlook.

Some of the significant asset price inflation generated by recent monetary stimuli has softened. However, there is still significant uncertainty around long-term price stability for financial assets. Inflation has become persistent in almost all regions around the globe and the impact of higher interest rates is likely to exacerbate financial stress and market volatility going forward.

The persistent inflationary environment has resulted in central banks hiking rates aggressively and they continue to signal a hawkish stance with potential further rate increases to come. The change in the interest rate environment has led to a rotation away from longer duration growth assets to assets with a more value or cyclical bias and this rotation has created, and is likely to continue to create, further market distortions and dislocations. The effect of current and prospective rate hikes, while priced into certain financial instruments, may take some time to feed through and will likely have further real-world impacts.

The global political situation remains in flux as a period of post-pandemic consolidation and recovery has been entered. Countries and regions have taken significant steps to restructure supply chains and diversify sources of energy in order to improve resilience to geo-political stress. These transitions are strategic and will take significant time, leaving countries exposed to macro and political shock in the interim. Europe, for example, is still significantly exposed to further energy price squeezes.

The Russia / Ukraine conflict looks set to persist and the situation could well worsen before it improves, while the threat of a widening conflict has diminished but not fully dissipated. Allies of Ukraine are still increasing sanctions against Russia, including financial sanctions and export controls, which will continue to weigh on global economic activity and capital flows.

The risks and effects of climate change and damage to the environment appear to be increasing for the corporate world and for society at large. The wholesale changes in behaviour which are needed in many sectors, some of which are underway, will create material risks and opportunities.

The Investment Manager considers climate change risk as part of its ESG approach and has assessed that the impact of climate change risk is reflected in the value of the underlying investments held by the Master Fund.

The low fixed cost base of BGHL, with operating expenses representing less than 2% of its NAV, means that enough liquidity can be maintained to meet expenses. Performance fees are known in January of each year and paid in March of the same year. To generate the necessary liquidity to pay expenses and finance the costs of buying its own shares, BGHL redeems shares in the feeder BG Fund on a regular on a regular basis. BGHL has a monthly redemption

Boussard & Gavaudan Holding Limited
Investment Manager's Report and Financial Highlights
For the year ended 31 December 2022

right with a 60 calendar days' notice period. A liquidity gating at the Master Fund level would still allow BGHL to receive at least 10% of any redemption request and also a liquidity gating at the Master Fund level would still allow BGHL to receive at least 10% of any redemption request and also meet its expenses.

The Investment Manager remains vigilant for prospective emerging risks on an ongoing basis.

Boussard & Gavaudan Investment Management LLP
Acting by its managing member,
Boussard & Gavaudan Partners Limited

27 April 2023

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2022

The Directors present their annual report and audited financial statements for the year.

Principal Activities

BGHL's investment objective is to deliver an annual return, net of fees, of 400 to 600 basis points above the "risk free rate" over the business cycle, irrespective of market performance. The risk-free rate for these purposes is "capitalised €STR".

During the year, BGHL continued to invest substantially all of its net assets in BGF, a feeder fund fully invested in the Master Fund. The Master Fund implements diversified investment strategies, including volatility, equity and credit strategies. The overall investment objective of the Master Fund is to provide investors with consistent absolute returns primarily through investing and trading in the financial instruments of companies incorporated in, or whose principal operations are in, Europe.

In addition to its investment in BGF and as described in BGHL's offering memorandum and investment policy, BGHL enters into other investments, including private equity investments.

Performance of Investment Manager and Continued Appointment

From 1 January to 31 December 2022, BGHL's NAVs for the Euro and Sterling shares decreased by 4.90% and 3.49% respectively, whilst the market price of BGHL's Euro shares decreased by 4.72% and the market price of the Sterling shares increased by 5.26%.

Whilst NAV performance in 2022 fell some way short of target, the more important 5 year annualised performance of the Euro share class was 3.83% above capitalised €STR, so almost within the range of its long-term objective. Beta correlation remains very low, and in its review of the Investment Manager's performance the Board has been pleased to note the continued absence of "style drift". Performance in 2022 was clearly impacted by the effect of Russia's invasion of Ukraine on global markets, However the general stabilisation in the economic environment seen towards the end of the year provides an encouraging opportunity set for the Investment Manager's strategies in 2023.

The cost base of BGHL is largely fixed and the Total Expense Ratio in 2022 was 177 bps compared to 171 bps during the year ended 31 December 2021. 85% of total expenses, excluding any performance related fees, comprise management fees payable to the Investment Manager determined as a fixed percentage of NAV.

BGIM was appointed as Investment Manager and AIFM by BGHL, BGF and the Master Fund on 21 July 2014. The Investment Manager was registered on 5 November 2013 as a limited liability partnership or "LLP" in England and Wales for the purpose of complying with AIFMD Regulations, and the Investment Manager was authorised by the FCA on 11 July 2014 to perform the regulated activity of managing an AIF and remains so authorised.

The Board has reviewed the performance of the Investment Manager since the date of its appointment and is satisfied that the continued appointment of the Investment Manager on the terms agreed is in the interests of the shareholders. Please refer to the Investment Manager's Report for a review of the performance of BGHL over the year. Please also refer to Note 8 to the Financial Statements for further details on the terms of the investment management agreement.

Results for the Year and State of Affairs as of 31 December 2022

The Statement of Financial Position and the Statement of Comprehensive Income for the year are set out in the audited Financial Statements.

Directors and Board changes

The Directors as of 31 December 2022 were:

- Fred Hervouet, Chairman of the Board;
- Sylvie Sauton, Senior Independent Director;
- Erich Bonnet; and
- Luke Allen, Chairman of the Audit Committee

Following the announcement made in 2021, Mr Andrew Henton resigned as Chairman on 11 March 2022 as expected. Mr Andrew Howat, who had acted as the Senior Independent Director since 2019, assumed the role of Chairman following Mr Henton's resignation. In addition, Ms Julia Goh was appointed to the Board on 11 March 2022 and assumed the role of Chair of the Audit Committee, taking over the role from Mr Howat. On 29 July 2022 Mrs Nathalie Esposito and Mr Erich Bonnet were appointed as non-executive directors of the Company following the passing of resolutions at the EGM convened by Mr Emmanuel Gavaudan and held on that date. Immediately following the EGM the Board announced that Mr Bruce James and Ms Julia Goh had resigned as non-executive directors effective 29 August 2022. Mr Andrew Howat also resigned as a non-executive director and Chairman of

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2022

the Company and did not stand for re-election at the Company's annual general meeting which was held on 30 September 2022. Mr Fred Hervouet and Mr Luke Allen were appointed as non-executive directors, and Mr Luke Allen as Chairman of the Audit Committee effective 31 August 2022, with Mr Fred Hervouet becoming Chairman of the Company effective 30 September 2022. Mrs Nathalie Esposito had to resign as a non-executive director effective 7 September 2022 due to a conflict of interests related to a new full-time position she had agreed to take up at another investment fund.

BGHL consulted with the law firm Mourant Ozannes on the independent director search. Mourant identified and reached out to 9 potential candidates. The 2 new directors were selected by BGHL among 4 candidates proposed by Mourant.

Biographies for each director are as follows:

- Luke Allen :
Mr Allen is an independent non-executive director with over 30 years' experience working in the financial services sector, the last 18 of which have been spent in the alternative investment funds industry. Until December 2019 he was the chief executive and managing director of Man Group plc's Guernsey office, which serviced an extensive range of hedge funds and funds of hedge funds. His primary role was to lead Man's operations in Guernsey, chairing the local management company board meetings, setting strategy and ensuring effective risk management, outsourced service provider oversight, and compliance with laws and regulations. He has over 13 years' experience (most recently in an independent non-executive capacity) of working with, and sitting on the boards of, a wide range of fund and management company structures across a significant number of international jurisdictions. He is a chartered accountant (ICAEW) and, prior to running Man's Guernsey office, he headed up their fund financial reporting and liquidations team, with responsibility for the production of fund financial statements and for fund terminations across their entire product range. He is a holder of a personal fiduciary licence issued by the Guernsey Financial Services Commission.
- Erich Bonnet
Erich Bonnet is the founder, principal and managing partner of Smart Lenders Asset Management, an investment management firm based in Paris and specialised in direct lending to consumers and small businesses through marketplace lending platforms. From 2009 through 2014, Mr Bonnet was the founder and Chairman at Furstenberg Finance and SB Partners, a family investment holding and consulting company, notably advising a major financial institution and private equity and distressed investment funds. From 1998 through 2008, Mr Bonnet was the founder and Head of Strategy and Asset Management at ADI Alternative Investments, a multi-billion dollar investment firm specialising in alternative asset management.
- Fred Hervouet
Fred Hervouet has 25 years of experience in capital markets and asset management roles. Until end of 2013, Mr Hervouet was Managing Director and Head of Commodity Derivatives Asia for BNP Paribas, including Trading, Structuring and Sales, and based in Singapore. Prior to BNP Paribas he also worked for two multi-billion multi-strategy hedge funds including quantitative strategies (CTAs), convertible arbitrage, event driven, fixed income relative value and commodity long-short. In the last 25 years, Mr Hervouet has worked in different aspects of the financial markets and asset management industry. His experience includes derivatives markets, structured and corporate finance, structured products and hedge funds, trading and risk management. Fred has worked in Singapore, Lausanne, Paris and London. On his last position, Fred was a member of BNP Paribas Commodity Group Executive Committee and BNP Paribas Credit Executive Committees on Structured Finance projects (structured debt and trade finance). Fred now acts as a full time dedicated non-executive director of and advisor to listed companies and private equity funds.
- Sylvie Sauton
Sylvie Sauton's practice includes advising all types of corporates on structuring and raising equity financing mainly through IPOs and follow-on offerings as well as secondary placements. Ms Sauton has more than 30 years of banking experience in London covering corporates in French speaking countries, having conducted a long career in debt and equity capital markets. Her latest employment was 17 years with JP Morgan where she mainly headed the French Equity Capital Markets team, completing numerous transactions on behalf of her clients as the lead trusted advisor. At JP Morgan she also worked on the execution of transactions in Switzerland, Germany, Spain, Egypt and Russia. Before she worked for 10 years at Lehman Brothers and five years at Salomon Brothers. The transactions were executed on behalf of large, medium-sized and small companies, the latter in the technology sector. Her clients were private equity firms, corporates, governments and family offices. Capital raising included acquisition and rescue offerings.

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2022

BGHL's articles of incorporation require that all directors who held office at the two preceding annual general meetings shall retire and, if willing, offer themselves for re-election. It is the Company's policy for all directors to offer themselves for re-election annually in order to comply with the Code. Having considered the performance of each individual Director and the Board as a whole, the Board recommends that shareholders should at the forthcoming annual general meeting vote in favour of the re-election of all four directors, for which four separate resolutions will be proposed.

Directors' interests in shares

As of 31 December 2022, Directors were invested in shares of BGHL as below:

Name	Number of shares
Sylvie Sauton	6,177
Erich Bonnet	2,312
Fred Hervouet	-
Luke Allen	-

Significant shareholders

As at 31 December 2022, to the best of the knowledge of the Directors, the following shareholders owned more than 5% of the Company:

Emmanuel Gavaudan	15.89%
Premier Miton Group PLC	5.03%
Tilney Smith & Williamson Limited	5.03%

The Concert Party owned 27.99% of the issued share capital as of 31 December 2022.

The information disclosed has been collected from the AFM's website. The figures may have varied between then and the date that the Financial Statements are approved.

Share buy-back programme and Liquidity Enhancement Agreement

BGHL's shares are traded on the London Stock Exchange and Euronext Amsterdam.

Since its listing, BGHL has operated a share buy-back programme approved at each annual general meeting by its shareholders. Historically, this programme has been the key method by which the Board has sought to reduce the discount to the prevailing NAV at which BGHL's shares are trading, and to improve liquidity in the shares. However, although the Board seeks to minimise its level, such discount is largely driven by market forces beyond BGHL's control. BGHL's share buy-back programme is financed by redemptions of BGF shares. BGF has monthly liquidity, which means that redemptions are payable once in every calendar month. On 30 September 2022, the shareholders renewed BGHL's authority to make market repurchases of its shares.

That authority expires on 31 December 2023, or the date of the next annual general meeting of the Company, whichever is the earlier, and the Board intends to seek renewal of that authority at the next annual general meeting. Any repurchases under the share buy-back programme will be made at a discount to the prevailing NAV and will therefore be accretive to the NAV. They will therefore contribute to the different performance of BGHL's NAV relative to that of BGF.

As explained in the AGM Circular that was published ahead of the Company's AGM that was held on 30 September 2022, the Takeover Panel has also limited the percentage of the Company's issued share capital which may be held by the Concert Party to 35.28%. If the Concert Party's percentage holding were to exceed that threshold, the requirements of Rule 9 of the City Code on Takeovers and Mergers would be triggered, so that the Concert Party would be obliged to make a compulsory offer for BGHL's entire issued share capital.

BGHL is only allowed to acquire its own shares with the prior approval of its members in general meeting and that authority is limited to a maximum of 14.99% of its issued share capital at the time that the requisite members' resolution is passed.

During the year, BGHL bought back the following number of Euro shares representing 0.67% (31 December 2021: 9.24%) of its issued share capital. No Sterling shares were repurchased.

Repurchase of own shares for the Year ended:	31 December 2022	31 December 2021
Treasury Shares	83,611	1,273,500
Average Gross Price	€ 22.3047	€ 21.1297
Net Amount Euros	€ 1,864,867	€ 26,908,670

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2022

See Note 16 for details of the number of shares bought back under the buy-back programme in the period since 31 December 2022.

The discounts of the shares with respect to their NAVs were as follows:

Discount to NAV	31 Dec 2022	31 Dec 2021
Euro Shares	(20.1)%	(20.2)%
Sterling Shares	(18.1)%	(24.9)%

Below is a graph showing the discount to their NAV at which BGHL's Euro shares have traded and the Euro share buy-back activity since BGHL's inception.



During the period from 1 January 2022 to 31 December 2022 the shares in both share classes have traded on average, at a discount in excess of 15 per cent. to the NAV per share (calculated by comparing the closing middle market quotation of the shares (as derived from the daily official list of Euronext Amsterdam for the Euro shares and the London Stock Exchange for the Sterling shares) on each business day to the prevailing published NAV per share as at such business day and averaging this comparative figure over the financial year). As a result, and in line with the commitment previously given by the Board, the Board will propose a Continuation Vote at the 2023 annual general meeting, which is expected to be held by the end of September 2023. Further details of the resolution to be proposed can be found in the Continuation Vote section of this report. In addition to or as part of this process, the Board will consider, and may seek authority for, further discount control measures including, but not limited to, a tender offer.

Governance

As a closed-ended investment company incorporated in Guernsey with a premium listing on the Official List of the UK Listing Authority, BGHL is required to include a statement in its annual financial report as to whether BGHL has complied throughout the accounting period with all relevant provisions set out in the Code or, if not, setting out those provisions with which it has not complied and the reasons for non-compliance. The Company is also subject to the Guernsey Financial Services Commission ("GFSC") Finance Sector Code of Corporate Governance, amended November 2021 (the "GFSC Code"), which came into effect on 1 January 2012. Companies which report in accordance with the Code are deemed to meet the requirements of the GFSC Code.

The Board places a high degree of importance on ensuring that high standards of corporate governance are maintained. BGHL is a member of the Association of Investment Companies (AIC) and reports against the AIC Code. Whilst the AIC Code closely resembles the Code, it does contain additional principles and recommendations of specific relevance to investment companies and omits some of those included in the Code which are not relevant to investment companies. By reporting against the AIC Code, the Company will also meet its obligations under the Code. The AIC Code is available for download from the Association of Investment Companies' website www.theaic.co.uk.

No limit has been imposed on the overall length of service of Directors, although each Director stands for re-election every year. For further details of the Directors and Board changes during the year please refer to the relevant section earlier in this report. The size of the Board is intended to remain at four for the foreseeable future.

The Board has carried out a full review of the AIC Code to ensure that the appropriate level of corporate governance is attained. The Board confirms that BGHL has complied with the provisions of the Code during the Year, with the following exceptions.

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2022

All of BGHL's Directors are independent non-executives and BGHL has no employees. Being externally managed, the Company does not have its own internal control function, but instead places reliance on professional service providers acting in accordance with service contracts. In addition, the Secretary monitors and advises the Board on the Company's compliance with applicable law and regulations.

There is no nomination or remuneration committee, with all proposed Directors' appointments instead being considered by the full Board. The Chairman will not however be engaged in the selection process for his successor. Further information on Board committees and the Board's future plans is given below.

BGHL does not have a formal diversity policy. This is a function of the fact that the Company's remunerated officers are limited to the Directors. The composition and effectiveness of the Board is internally assessed on an annual basis. The periodic rotation or retirement of directors is a trigger event which initiates a formal search and selection process. This prioritises professional experience relevant to the needs of the Company over other more subjective factors which do not lend themselves to formal assessment and testing. Whilst BGHL does not therefore have any policy of positive discrimination in relation to age, gender or race, the Company does recognise the value that different perspectives and outlooks can bring to the quality of decision making. Accordingly, whilst remaining focused on merit-based appointments, the Board encourages and seeks to identify candidates who can also enhance the diversity of its composition.

The Board meets formally at least four times a year. In addition to these scheduled meetings, during the Year the Board consulted the Investment Manager regularly. The Directors are satisfied that they have been kept fully informed of the investment performance, financial and operational controls, and other matters relevant to the business of BGHL. The Directors have access to the advice of the secretary and have, where necessary to the furtherance of their duties, taken independent professional advice at the expense of BGHL.

The attendance record of the Directors in 2022 is set out below:

Meetings Attended:	Quarterly Board	Ad hoc Board	Audit Committee	Management Engagement Committee	AGM	EGM
Andrew Henton*	1/1	0/1	N/A	0/0	N/A	N/A
Andrew Howat*	3/3	5/5	2/2	0/0	N/A	1/1
Julia Goh*	2/2	2/3	2/2	0/0	N/A	0/1
Sylvie Sauton	4/4	5/6	2/2	0/0	1/1	0/1
Bruce James*	3/3	4/5	2/2	0/0	N/A	1/1
Nathalie Esposito*	1/1	2/2	1/1	0/0	N/A	N/A
Erich Bonnet	2/2	2/4	1/1	0/0	1/1	N/A
Fred Hervouet	1/1	2/3	N/A	0/0	0/1	N/A
Luke Allen	1/1	3/3	N/A	0/0	1/1	N/A

*former directors

The focus at Board meetings is a review of investment performance, marketing and investor relations, risk management, general administration and compliance, peer group information and industry, regulatory and corporate governance issues. Board papers are circulated in advance, allowing the Directors the opportunity to add agenda items they consider appropriate for Board discussion. Each Director is required to inform the Board of any potential or actual conflicts of interest prior to Board discussions.

The letters of appointment of the Directors are available for inspection upon request of the Secretary at the registered office and on the Company's website. The Board evaluates its performance and the performance of individual Directors on an annual basis by reference to the guidelines set out in the Code utilising questionnaires circulated by the Secretary, which require each director to review and comment on both their own and their fellow directors' performance. The results of those questionnaires are then discussed by the Board. The Chairman reviews and agrees with each Director their training and development needs, if any. Having performed this review in respect of the Year, the Board believes that the current mix of skills and experience of the Directors is appropriate to the requirements of BGHL. The Board is satisfied that it has the policies, processes, information, time and resources to function effectively and efficiently.

The Board has considered whether the Board evaluation should be externally facilitated. Acknowledging the relatively small size of the Board and that three of the four directors were appointed during the Year, it was agreed that the cost of external facilitation was not presently justified. This decision will be reviewed at least annually.

The Board confirms that there have been no material changes to the Chairman's commitments required to be disclosed to the Board or to be explained in this annual report.

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2022

BGHL has purchased directors' and officers' liability insurance and intends to renew such insurance cover on an annual basis.

Directors' Interests and Remuneration

Each Director is required to inform the Board of any potential or actual conflicts of interest prior to Board discussions. Save as disclosed in these Financial Statements, BGHL is not aware of any potential conflicts of interest between any duty owed to BGHL by any of the Directors and their respective private interests.

When the Directors wish to take on any additional directorship of any other company, they seek the prior consent of the Board to do so. At such time, the Board considers whether such directorship would result in any conflict of interest with the relevant Director's duties to the Company and the time commitment which would reasonably be expected by such role.

Due to the nature of their roles and in light of BGHL's stated investment objective and policy, no discretionary compensation payments are ordinarily made to the Directors. No Director has a contract for services and none of them is entitled to compensation in lieu of notice.

The Company's remuneration policy is designed to ensure that the remuneration of Directors is set at a reasonable level commensurate with the duties and responsibilities of each Director and the time commitment required to carry out their roles effectively. Remuneration is such that the Company is able to attract and retain Directors of appropriate experience and quality. The fees paid to Directors reflect the experience of the Board as a whole and take account of the responsibilities attaching to each role given the nature of the Company's interests, as well as the level of fees paid by comparable investment trusts and companies. Directors are reimbursed for travel and subsistence expenses incurred in attending meetings or in carrying out any other duties incumbent upon them as directors of the Company.

Directors' Duties and Responsibilities

The Directors' responsibilities are as follows:

- statutory obligations and public disclosure; including acting in the best interests of the Company and its shareholders;
- strategic matters and financial reporting;
- oversight of management and advisors' performance;
- risk assessment and management, including reporting, monitoring, governance and control; and
- other matters having a material effect on BGHL.

Committees of the Board

The Board has constituted two standing committees, an Audit Committee and a Management Engagement Committee, and publishes the terms of reference for both on its website.

The Board does not deem it necessary to create a nomination or remuneration committee because it comprises only four Directors, all of whom are independent. The Board as a whole considers any matters normally addressed in such committees.

Management Engagement Committee

The Management Engagement Committee was established in 2015 to oversee the performance of service providers, including the Investment Manager. It has defined terms of reference and duties and its members comprise Fred Hervouet, Sylvie Sauton, Erich Bonnet and Luke Allen, with Mr Hervouet acting as permanent Chairman since 30 September 2022.

The latest reviews, undertaken in January and February 2023, were satisfactory, concluding that all service providers were performing their contracted duties as expected and that no changes to the Company's service providers were necessary or desirable.

As required by the Code, the Management Engagement Committee also considers conflicts of interest, including those resulting from significant shareholdings, and seeks to ensure that the influence of third parties does not compromise or override independent judgement. The Management Engagement Committee considers that conflicts of interest were generally managed well during the year, although it is recognised that the Company has limited influence over the Investment Manager and cannot direct how the Concert Party deals with its own conflict of interest caused by status as a significant shareholder and the fact that some members of the Concert Party are principals or employees of the AIFM.

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2022

Audit Committee

An Audit Committee, with defined terms of reference and duties, has been established and is comprised of all of the Directors, with Mr Allen acting as permanent Chairman. Although Mr Hervouet was considered to be independent upon his appointment as a Director and as Chairman of the Board, so he is a member of the Audit Committee, he may not chair the Committee due to his role as Chairman of the Board.

A separate Report of the Audit Committee setting out its duties and how it has fulfilled them is included later in this annual financial report. The Audit Committee monitors and reviews the principal risks facing the Company on a regular basis throughout the year. BGHL considers that the Audit Committee's performance of its duties fulfils the requirements of the Code.

Principal and Emerging Risks and Uncertainties

BGHL's business model involves identifying and taking positions on assets whose market price does not reflect the Investment Manager's assessment of intrinsic value. As market prices trend towards the Investment Manager's assessment of intrinsic value, profits are generated. In adopting this strategy, BGHL is deliberately and consciously exposed to various types of market risk which are described in the report of the Investment Manager. In this regard there has been no change to the investment strategy pursued by the Company. Additional risks are described in the Notes to the accompanying Financial Statements.

During the COVID-19 pandemic the continued effective administration of the Company and monitoring of the Investment Manager's operations in relation to the Master Fund, were significant areas of focus for the Board. All service providers successfully followed contingency and business continuity plans by which the disruption associated with "working from home" and social distancing were mitigated. The impact of the pandemic on Level 3 assets' valuations were fully assessed. Whilst the pandemic is deemed to have generally passed in most regions there are still ongoing effects in specific countries, particularly in China. As a result, the pandemic remains a key risk whose long term impact on the Company cannot be predicted with any accuracy. Should any new variants of the virus spread more aggressively or become more virulent or another pandemic occur, it may present risks to the operations of the Company, its Investment Manager and other major service providers. This could threaten both the ability of the Company to operate, the ability of investors to transact in the Company's securities and ultimately the ability of the Company to pursue its investment objective and policy.

ESG risks in the portfolio are risks managed by BGIM to which BGHL continues to be exposed. There is an additional risk that BGHL fails to adequately report against emerging environmental disclosure standards, thereby attracting criticism from and loss of favour amongst shareholders or criticism by governmental agencies or regulatory authorities. The Investment Manager's approach to ESG is described in the Investment Manager's Report above and the Investment Manager believes it to be a source of competitive advantage when identifying opportunities for the Master Fund. The Board considers the Investment Manager to be fully engaged with the process of embedding ESG principles into its investment process, recognising the value thereof to shareholders that this should deliver through NAV appreciation.

The most persistent risk identified by the Directors is a lack of liquidity in BGHL's shares, exacerbating the discount to their NAV at which they trade. This creates a potential arbitrage opportunity and threat to the long-term appreciation in its asset value on a "per share" basis. This might be occasioned if the pricing relationships between and within different asset classes diverge materially from historical patterns, or the quality of investment analysis conducted within the Investment Manager is materially degraded. The next most significant risk is considered to be a significant systemic market event which cannot be anticipated in advance and is associated with geopolitical or other non-financial factors.

The inflationary environment that developed throughout 2022 and has persisted into the new year has seen a series of aggressive rate rises by the central banks with further potential rate increases still to come. The change in the interest rate environment has seen a move towards assets with a more value or cyclical bias as opposed to longer duration growth assets and this has created, and is likely to continue to create, further market distortions and dislocations. The effect of current and prospective rate hikes, while priced into certain financial instruments, may take some time to feed through and will likely have further real-world impacts.

The Russia / Ukraine conflict looks set to persist and the situation could well worsen before it improves, while the threat of a widening conflict has diminished but not fully dissipated. Allies of Ukraine are still increasing sanctions against Russia, including financial sanctions and export controls, which will continue to weigh on global economic activity and capital flows.

At the end of 2022, the portfolio had no exposure to Russian securities and Russian-related assets.

The Investment Manager seeks to deliver risk adjusted returns which are attractive. The main information provided by the Investment Manager to the Board, and by which risk exposures are assessed, is as follows:

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2022

Relative performance analysis: NAV accretion or dilution is reported monthly and broken down by attribution to each specific strategy pursued within the Master Fund. Individual and aggregated strategy performances are compared to relevant indices or benchmarks. This serves to highlight over and under performances, and also any divergence from historic trends.

Stress testing: The impact on NAV is modelled each month against a series of downside scenarios. These scenarios make allowance not just for market movements, but also for liquidity related events (for example “mid cap” stocks falling by a greater amount than the main index due to materially reduced trading volumes in smaller company stocks). Different scenarios are modelled both singly, and in combination so that “contagion” risks are considered. Portfolio construction is informed by the results of this modelling.

Pricing analysis: The Investment Manager shares with the Board of Directors analysis that is prepared by the administrator of the Master Fund. This highlights the percentage of NAV in the Master Fund which is based on prices that cannot be independently verified by reference to an independent or market source. The existence of instruments for which independent pricing is not available is deemed to be a risk factor, and any such instruments are subjected to additional ongoing scrutiny.

In addition to the various financial and market risks, the Board actively monitors operational and commercial risk. Key risks in this regard are the following:

Prevailing share price: BGHL's shares continue to trade at a discount to their prevailing NAV. Albeit a function of supply and demand for BGHL's shares in the market that cannot be controlled by the Board, buy back activity during the Year was intended to mitigate – at least in part - the impact of supply side imbalance. The buy-back programme remains value accretive to shareholders at prevailing prices.

Scale of operations: The Board reviews the operational plans of the Investment Manager at least annually. In so doing it seeks assurances that adequate resources are available to maintain an effective and compliant operating infrastructure. Future business development plans, headcount, organisational structure and the experience of operational incidents (if any) are all taken into account.

Service providers: BGHL places reliance on its administrator and secretary, sub-administrator and registrar, as well as the depositary and sub-custodian of the Master Fund. To the extent that independent assurance statements or reports can be obtained in relation to these firms, the Board of Directors requests them. Oversight is also exercised via open market sources (credit ratings), direct enquiry of the Investment Manager, direct enquiry of the service providers themselves via the completion of due diligence questionnaires and feedback from other independent advisers (including the auditor).

Cyber security: The threat posed by “hackers” to companies operating in the financial services sector, (the nature of whose activities involves the management of assets readily convertible into cash) is acknowledged by the Board of Directors. The measures in place to mitigate these risks (including those measures intended to identify and contain intrusions, should they occur) form part of the oversight regime directed at the Investment Manager and key service providers.

Emerging risks, along with all other risks the directors have identified the Company as being exposed to, are monitored via the Company's risk register. During the year, as part of their regular review and assessment of risk, the Directors have also considered the impact of the emerging risk of climate change on the Company's business model and long-term viability, but do not consider this to be a material new risk at this time. The Directors consider that the pricing of the underlying portfolio of the Company's investments reflects market participants' views of climate change risk and that there are no further climate related influences on the NAV of the Master Fund in which BGHL invests.

Risk Management and Internal Control Systems

The Management Engagement Committee conducted reviews of BGHL's system of internal controls and service providers in January and February 2023.

The Board is ultimately responsible for BGHL's system of internal controls and for reviewing its effectiveness. The Board has developed a framework that is designed to manage, rather than to eliminate the risk of failure to achieve BGHL's business objectives. The framework involves identifying sources of risk, the potential significance (financial and operational) of any risk impact(s), and the associated controls in place to identify, pre-empt and mitigate those potential impacts. This is documented in a Business Risk Assessment which is considered at least annually by the Board. The framework is discussed with the Investment Manager, and members of the Management Engagement Committee conduct a detailed meeting with the Investment Manager to review the effectiveness of controls and any breaches / errors that have occurred since the last inspection visit. Any such control failures are also recorded on an exceptions basis and reported at quarterly Board meetings or in real time if sufficiently significant. No significant failings or weaknesses were identified at the last inspection visit. These processes ensure an at least annual review of BGHL's system of internal controls, including financial, operational,

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2022

compliance and risk management. The system can only provide reasonable and not absolute assurance against material misstatements.

The Board has delegated the management of BGHL's investment portfolio, the provision of custody services, the administration (including the independent calculation of BGHL's NAV), share registration, corporate secretarial functions and the production of the half-yearly and annual independently audited financial reports. The Board retains accountability for the functions it delegates. Formal contractual arrangements have been put in place between BGHL and the providers of these services.

Compliance reports are provided by BGHL's secretary at each quarterly Board meeting. The Board considers that its internal control processes meet best practice as recommended in the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the UK's Financial Reporting Council as an adjunct to the Code.

Regulatory Compliance

BGHL keeps abreast of regulatory and statutory changes and responds appropriately. The Board continues to take advice on AIFMD from external professional advisers and to implement necessary measures to ensure compliance with relevant requirements of the AIFMD Regulations. The Chief Compliance Officer within the Investment Manager is also a resource relied upon by the Board in this regard. Although the majority of the obligations associated with AIFMD are applicable to the AIFM, the Board is satisfied that BGHL as an AIF complies fully with its relevant obligations under the AIFMD and the UK's AIFMD Regulations 2013. Key Information Documents ("KIDs") have been updated in accordance with the EU's Packaged Retail and Insurance-based Investment Products Regulations ("PRIIPs") and the UK's amended version thereof and are available at <https://www.bgholdingltd.com/priips.php>.

Continuation Vote

As disclosed in the prior year's annual report and audited financial statements, the Board had previously made a commitment that, if the Company's shares traded at an average discount in excess of 15 per cent over the financial year to 31 December 2022, the Board would propose a Continuation Vote (the "Continuation Vote") at the annual general meeting to be held in 2023. As that condition has been met, the Board will be proposing a Continuation Vote at the Company's forthcoming AGM, which is expected to be held by the end of September 2023. Whilst the detail of this proposal has not yet been determined it is clear that there is material uncertainty as to how the outcome of the Continuation Vote will impact the future of the Company. Until such time as the outcome of the Continuation Vote is known, the Board considers that the Company is viable and a going concern and that it is appropriate that the Financial Statements are prepared on a going concern basis.

Long Term Viability

The principal risks facing BGHL are documented in the Business Risk Assessment and described above. The business model and investment strategy are described and evaluated in the Investment Manager's report. The Board's review of the effectiveness of BGHL's risk management and internal control systems is described in the Audit Committee's report.

Given the nature of its assets (mainly redeemable units in BGF, which are themselves backed by a high proportion of liquid, tradeable assets held by the Master Fund, into which fund BGF is a feeder) it would take a general failure in the effective and ongoing operation of financial markets (cessation of market liquidity) to threaten BGHL's solvency. Such a market failure could prevent investments held by the Master Fund from being redeemed. This in turn would inhibit BGHL from being able to redeem its position in BGF wholly or in part, and thereby leave it potentially unable to meet its financial obligations as they fall due. Notwithstanding the uncertainty caused by COVID-19 and the ongoing Russia / Ukraine conflict, the fact that the operating expenses (excluding performance fees) of BGHL represent less than 2% of its NAV on an annual basis makes this risk remote.

The Board has conducted a robust assessment of the principal and emerging risks and uncertainties facing BGHL and has also assessed its long-term viability. The ongoing impact of both the COVID-19 pandemic and the Russia / Ukraine conflict has formed part of this assessment. The key risk to BGHL has been identified as a failure of the investment decision making process to generate NAV accretion that is in line with investors' expectations, and which is attractive on a risk adjusted basis when compared with alternative managed investment opportunities.

BGHL's performance is measured on a monthly basis via both the NAV of its underlying investments and its share price. Key data inputs used by the Investment Manager when making investment decisions for the Master Fund (BGHL's principal underlying investment) comprise company earnings (quarterly), macro factors (daily interest and currency exchange rates) and indicators of sentiment (yield curves and risk measures, such as the VIX index). Scenario stress tests are run on a monthly basis to measure potential "drawdowns" (i.e. reductions in NAV on a monthly basis) on the portfolio in the event of changes in the economic climate. These stress tests comprise severe but plausible scenarios and have been an integral part of the portfolio construction process for many years.

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2022

BGHL's performance is compared primarily to peer group funds on an annual basis, and performance fees payable to the Investment Manager are also calculated annually. The significant majority of investment positions taken by the Master Fund are in liquid assets that can be converted to cash readily in the market and great effort is made by the Investment Manager to minimise drawdowns and to maintain liquidity. This emphasis on short-term position management is an important feature of the Master Fund's strategy. Given that BGHL's operating costs as a percentage of its realisable investment portfolio are low and that it is a closed-ended fund, the Directors consider there to be significant liquidity headroom available in all but the most extreme market failure scenarios.

Despite the emphasis on short-term performance and resilience described above, not all investment positions are entered into with the expectation of them being unwound within twelve months. Moreover, the "repeatability" of the investment process is of fundamental importance. The Investment Manager has developed proprietary analytical tools and processes that it seeks to apply on a consistent basis over time when making investment decisions. In this way it seeks to generate positive risk adjusted returns using proprietary strategies that are sustainable for the medium to long term, such that performance is not predicated on the retention of "key persons". Such algorithms and tools are necessarily a function of market behaviour and asset pricing correlations, and hence subject to change over time.

Whilst the turnover of positions within the Master Fund is thus relatively short term in duration, the time frame over which it is necessary to identify and respond to "paradigm shifts" in economic markets is longer term in nature. Factors such as government or central bank policies (e.g. quantitative easing) or external events (including wars and regional instability) can cause significant changes in investor sentiment, which can in turn alter market assessments of intrinsic value and correlations between different asset types. For these reasons, the Board considers a three-year time horizon to 30 April 2026 as being the appropriate period over which to assess future prospects and viability.

As set out in the Continuation Vote section above, the Board will be proposing a Continuation Vote to Shareholders at the Company's forthcoming AGM. The Board will invite the Concert Party to consider whether it will commit to abstain from voting on the Continuation Vote and, if applicable, on any subsequent vote to liquidate the Company. Previously the Concert Party has declined to make any voting commitment in advance. Without their support, the Company will not have the shareholder support necessary to pass a special resolution on the Continuation Vote.

On the basis of the relevant and rigorous assessment described above, the Board believes that BGHL will remain viable as a closed-ended investment company for at least the period ending 30 April 2026, whilst also remaining conscious of the significant degree of uncertainty that the Continuation Vote brings to bear on the Company's future.

Going Concern

The Board conducts a rigorous and proportionate assessment of BGHL's operational and financial risks with reference to cash flow requirements and the liquidity of investments on a quarterly basis. BGHL incurs ongoing fees and expenses associated with its day-to-day operations, provides cash collateral under currency hedging transactions and uses cash to repurchase its own shares.

The Directors regularly consider the financial solvency of BGHL and are required by the Companies Law to do so on every occasion that any distribution is to be declared including, but not limited to repurchases by BGHL of its own shares. This is evidenced by a formal solvency statement. The Directors are confident that BGHL's assets exceed its liabilities and that BGHL has sufficient liquid assets to meet its liabilities as they fall due. Substantially all of the net assets of BGHL are currently invested in BGF shares. BGF shareholders have a monthly redemption right with 60 calendar days' prior notice.

The Directors have also reviewed the possible impact of an excessive number of redemption requests at the Master Fund level caused by market turmoil. Whilst any long-term liquidity lock up would impact the cash reserves of BGHL and its ability to meet its obligations, to date there have been no suspensions of redemption requests at the Master Fund level. If a gate were to be imposed by the Master Fund, at least 10% of any redemption request would continue to be honoured. This would allow BGHL to realise sufficient liquidity to meet its operating costs. To date, the market and continued wider socio-economic impacts of the COVID-19 pandemic, inflation and higher interest rates, together with the increase in geo-political tensions driven by the Russia / Ukraine conflict have not posed any significant stress either to BGHL or to the Master Fund.

After considering all of the matters of which we are aware that are relevant to the Company's ability to continue as a going concern, including the Continuation Vote referred to above which in the Board's view creates a material uncertainty over the ability of the Company to continue as a Going Concern, other significant conditions and events, our plans for future action and the feasibility of those plans, the Board has a reasonable expectation that BGHL has adequate resources to continue in operational existence for the period up to 30 April 2024.

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2022

Relations with Shareholders

The Board engages with institutional shareholders directly, as does the Investment Manager. Shareholders continue to be welcome to contact the Board of BGHL in writing via the Secretary, should they wish to have a dialogue and/or provide any feedback.

Furthermore, at a minimum, the Chairman of the Board and another Director attend BGHL's annual general meetings. Separate resolutions are proposed for each item at each general meeting of shareholders, including a vote on BGHL's annual financial report and the (re)appointment of Directors. Forms of proxy issued by BGHL for use at each general meeting provide for three-way voting – for, against or vote withheld. Notices of annual general meetings are sent at least 20 working days before the meeting and in accordance with the notice periods set out in the Companies Law.

After each general meeting, the results of the meeting are published and the announcement of results is also made available on BGHL's website. As a matter of best practice, all resolutions are voted upon by a poll. If required, BGHL can also make representatives of the Investment Manager available to Shareholders.

While BGHL reports formally to its shareholders twice a year, it also maintains a website which contains comprehensive information (www.bgholdingltd.com). This includes historic communications, investment philosophy, risk management policies, Investment Manager's reports, statistical information and corporate governance guidelines.

The Directors have continued to engage with shareholders remotely and discuss individual queries during the year.

At the extraordinary general meeting (the "EGM") held on 29 July, 2022 the Board then in office recommended that shareholders vote against the requisitioned resolutions to appoint Mr Erich Bonnet and Ms Natalie Esposito as additional directors. However, of the votes cast at the meeting, over 80% of the votes cast were cast in favour of the resolutions, with less than 20% cast against and none withheld. As previously announced and reported in this annual financial report, Mr Bruce James and Ms Julia Goh tendered their resignations effective 29 August, 2022 immediately after the conclusion of the EGM and Mr Andrew Howat retired at the annual general meeting held on 30 September, 2022 and did not seek re-election, because those three directors felt that they had misunderstood the views of shareholders and lost their support. Ms Sylvie Sauton was re-appointed by shareholders at the annual general meeting held on 30 September, 2022 and the other three current directors were all appointed by shareholders during the year, so the Board does not believe that any further action is required to take account of shareholders' voting at the EGM.

Section 172 Statement

The Code requires that the Company should understand the views of BGHL's key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the UK's Companies Act 2006 have been considered in Board discussions and decision-making.

The Company is a publicly traded fund whose objective is the delivery of consistent and uncorrelated returns of 400-600 bps net of fees above the "risk free rate" (defined as capitalised €STR) over the course of an economic cycle. The Company's strategy has not changed during the year and is not expected to change, since a consistent and disciplined application by the Investment Manager of its proprietary analytical investment processes is the determining driver of NAV appreciation. The Company has no employees and all of the directors are non-executive. The Board considers that its key stakeholders are its shareholders, its service providers, society and regulators.

During the course of the Year the Board continued to oversee previously implemented initiatives focused on the best interests of the Company. Highlights were as follows:

Longevity of Company – the Company has an unlimited life and, as described in the Company's viability statement, the Board has considered the prospects of the Company for the three year period up to April 2026 when considering the Company's long-term viability. As explained above, the proposed Continuation Vote which will be put to Shareholders at the forthcoming AGM gives rise to material uncertainty as to the Company's future prospects, However, until such time as the outcome of the Continuation Vote is known the Board considers that the Company remains viable as a closed-ended investment company;

Share buy-back programme – as described in the Directors' Report, a total of 83,611 shares were bought back during the Year at an average discount of 19.08% for the benefit of shareholders;

ESG factors – the momentum of ESG adoption in the asset management industry continued in 2022, as incoming regulations pushed asset owners to increase their demand for transparency. The Investment Manager has witnessed a growing number of investors requiring increased disclosures and has responded to requests by finalising the full integration of ESG factors in its investment process and expanding its ESG reporting. This is expected to have the dual benefits of supporting NAV growth for shareholders, and also (as ESG processes are further embedded within the wider investment sector) improving environmental outcomes by companies accessing capital via the public

Boussard & Gavaudan Holding Limited

Directors' Report

For the year ended 31 December 2022

markets. In addition, and in line with the full integration of ESG factors, the BG Master Fund is classified as falling within the scope of Article 8 of the EU's Sustainable Finance Disclosure Regulation (SFDR).

Asset valuation – the Company has one level 3 asset, RLI, now held through Campastros, a Spanish holding company. In 2022, the RLI group started a group restructuring process (re-domiciliation and mergers) which is ongoing. The assessment of its value for the purpose of the Financial Statements continues to take account of the mismatch between RLI's management's timescales for realising value and BGHL's requirements for such value realisation.

High standards of business conduct – the Board has continued to work closely with its service providers during 2022 in order to support the maintenance of high standards during the disruption associated with the COVID-19 pandemic. As part of its annual review process, the Management Engagement Committee enquires about any incidents, breaches or other occurrences within its service providers that might create a reputational risk or other negative consequence(s) for the Company.

The Board considers that there is a very low risk of modern slavery or human trafficking associated with the Company's activities, given it has no employees, premises, manufacturing or other physical operations. Its suppliers are professional services providers, most of whom are regulated and none of whom operate in jurisdictions that have a poor record on modern slavery or human trafficking.

Statement of Directors' Responsibilities

The Directors are responsible for the preparation of Financial Statements in accordance with applicable Guernsey law and generally accepted accounting principles. Guernsey law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of BGHL as at the end of the year and profit or loss for that year.

The Directors are also responsible for ensuring that the annual report includes information required by the rules of the Financial Conduct Authority and Euronext. The Directors ensure that BGHL complies with the provisions of the Financial Conduct Authority's Listing Rules and the Disclosure Guidance and Transparency Rules which, with regard to corporate governance, require BGHL to disclose how it has applied the principles, and complied with the provisions, of the Code.

In preparing those Financial Statements, the Directors should:

- Select suitable accounting policies and then apply them on a consistent basis;
- Make judgements and estimates that are reasonable;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is not appropriate to presume that BGHL will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of BGHL and to enable them to ensure that the Financial Statements comply with the Companies Law. They are also responsible for the system of internal controls for safeguarding the assets of BGHL and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Shareholders holding more than 5% of the shares in issue need to disclose their holdings to the AFM, the Dutch regulatory authority. The AFM discloses this information on its web site. The information can be found under the section "Register substantial holdings and gross short positions". Shareholders may use the following link to access the information directly:

<https://www.afm.nl/en/sector/registers/meldingenregisters/substantiele-deelnemingen?KeyWords=boussard>

The Directors consider that the BGHL annual report and audited Financial Statements, taken as a whole:

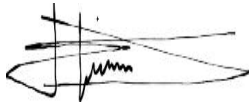
- is fair, balanced and understandable; and
- provides the information necessary for shareholders to assess the BGHL's performance, business model and strategy.

Boussard & Gavaudan Holding Limited
Directors' Report
For the year ended 31 December 2022

Audit Confirmation

So far as each of the Directors is aware, there is no relevant audit information of which BGHL's auditor is unaware and each Director has taken all reasonable steps he ought to have taken as a Director to make himself aware of any relevant information and to establish that BGHL's auditor is aware of that information.

By order of the Board



Fred Hervouet
Chairman

27 April 2023



Luke Allen
Director

Boussard & Gavaudan Holding Limited

Report of the Audit Committee

For the year ended 31 December 2022

Role and responsibility

This is the report of the Audit Committee (herein the “**Committee**”) which has been prepared with reference to the AIC Code and describes the work of the Committee in discharging its responsibilities.

BGHL established the Committee in compliance with the FCA’s Disclosure and Transparency Rule 7.1 and the AIC Code. The Committee meets formally at least twice each year and on an *ad hoc* basis when required and reports to the Board. It has formally delegated duties and responsibilities with written terms of reference which are reviewed and reapproved at least annually. Those terms of reference are published on BGHL’s website at <http://www.bgholdingltd.com>

The Committee is mandated by the Board to investigate any activity within its terms of reference and to consult externally with legal or other independent professional advisors, as required, to ensure that the Committee adequately discharges its duties and responsibilities, which include:

- a) considering the appointment of the external auditor, its letter of engagement and the terms thereof, the audit fee, and any questions of resignation or dismissal of the external auditor;
- b) reviewing from time to time the effectiveness of the audit and the independence and objectivity of the external auditor;
- c) developing and implementing policy on the engagement of the external auditor to supply non-audit services where necessary, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- d) reviewing BGHL’s half-yearly and annual financial reports, not excepting the full Board’s responsibility over the reports, focusing particularly on:
 - Any changes in accounting policies and practice;
 - Major judgmental areas;
 - Significant adjustments arising from the audit;
 - The going concern assumption;
 - Compliance with accounting standards (and in particular accounting standards adopted in the financial year for the first time);
 - Compliance with applicable legal and regulatory requirements (including *inter alia* those of the Financial Conduct Authority, the London Stock Exchange, the Guernsey Financial Services Commission, the Companies Law, NYSE Euronext, and the Netherlands Authority for the Financial Markets, as well as various EU regulations);
 - A risk management review; and
 - Assessing the effectiveness of internal controls.
- e) discussing any problems and reservations arising from the final audit, and any other matters which the auditor may wish to discuss (in the absence of BGHL’s agents where necessary);
- f) reviewing the external auditor’s Report to the Audit Committee and determining whether any changes have to be implemented as a result;
- g) reviewing, on behalf of the Board, BGHL’s systems of internal controls (including financial, operational, compliance and risk management) and making recommendations to the Board;
- h) considering the major findings of internal investigations and management’s response;
- i) reviewing BGHL’s operating, financial and accounting policies and practices;
- j) considering any other matters specifically delegated to the Committee by the Board from time to time;
- k) reporting to the Board on how it performs its duties; and
- l) confirming to the Board as to whether the annual report and audited Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess BGHL’s performance, business model and strategy.

The Committee may review any matter that it considers appropriate notwithstanding that it is not specifically mentioned in the above list of duties.

Boussard & Gavaudan Holding Limited

Report of the Audit Committee

For the year ended 31 December 2022

Composition

The Committee comprises all of the Directors, with Mr Allen acting as permanent Chairman. The membership of the Committee and its terms of reference are kept under review. All members of the Committee have relevant competence in the sector in which BGHL operates in addition to relevant financial experience as required by the Code. Fred Hervouet and Luke Allen became members of the Committee and Luke Allen took over as Chairman of the Committee on 31 August 2022 following their appointment to the Board on that date.

Only independent non-executive Directors serve on the Committee and the members do not have any links with BGHL's external auditor. They are also independent of the management teams of the Investment Manager, administrator and all other service providers. Notwithstanding that Mr Hervouet is Chairman of the Board, he was independent upon appointment, so is a member of, but may not chair, the Committee.

The Committee meets the external auditor at least twice a year.

Oversight of controls and risk management

The Board, via its Management Engagement Committee, conducts an annual Business Risk Assessment in conjunction with the Investment Manager. The intention of this exercise is to identify and articulate the material risks that might affect BGHL and its trading prospects, the likelihood of them occurring and their assessed impact. As part of this process the explicit controls intended to mitigate either or both of the risk of occurrence, or the impact of an occurrence, are also articulated. In this way a residual net impact assessment is derived.

The Management Engagement Committee undertook virtual meetings with the Investment Manager to review and inspect operations. The Committee interviewed senior staff members responsible for the internal control and oversight functions, and who report as to the proper conduct of the business in accordance with the regulatory environment in which both BGHL and the Investment Manager operate.

The oversight programme followed a preplanned agenda and in January 2022 and January 2023 involved reviews of, inter alia (i) changes that had taken place within the Investment Manager's operations; (ii) IT systems and controls, including cyber security arrangements; (iii) regulatory compliance; (iv) investor relations; (v) the valuation of unquoted investments; (vi) the risk register, complaints, errors and breaches logs and business continuity arrangements; (vii) ESG and responsible investment policies; and (viii) the impact of external factors such as Brexit, COVID-19 and the Russia / Ukraine conflict. Performance was assessed as satisfactory with no unacceptable or unanticipated risk exposures. The results of the oversight visit are documented.

As part of the oversight programme, both the Investment Manager and the Administrator report formally to the Committee at least annually on their systems of internal controls. In accordance with the provisions of the Code, the Committee has conducted a review of those systems of internal controls and is satisfied that they are sufficient to withstand the risks to which BGHL is subject.

As BGHL is a closed-ended investment company, all of whose Directors are non-executive, and as all executive functions have been delegated to professional third party advisors, the Committee does not consider it necessary for BGHL to have its own internal audit function. Whilst no reliance can be placed on them, reviews conducted on the Investment Manager's operations by independent custodians, and on-site due diligence visits by prospective investors and their professional advisers provide a degree of additional comfort.

Whilst BGHL does not have any staff, the Committee considers that the arrangements by which staff of the Investment Manager and the Administrator may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters are of great importance. The Committee reviews such arrangements annually and, as required by the Code, is satisfied that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

Boussard & Gavaudan Holding Limited
Report of the Audit Committee
For the year ended 31 December 2022

Significant issues considered regarding the Annual Financial Report

In discharging its responsibilities, the Audit Committee has specifically considered the following significant issues relating to the Financial Statements:

Significant issue	How the issue was addressed
<p>Valuation of BGHL's investments</p>	<p>The Board reviews portfolio valuations on a regular basis throughout the year, and at quarterly meetings with the Investment Manager seeks assurance that the pricing basis is appropriate and in line with relevant accounting standards. BGHL's net asset value is calculated on a daily basis by the Sub-Administrator.</p> <p>BG Fund investment</p> <p>The Audit Committee concluded that the NAV for the Master Fund remained the appropriate basis of valuation.</p> <p>The impact of the Russia / Ukraine conflict on financial markets has been significant, reflecting disruption to international supply chains, the interruption of production generally, higher short and long-term interest rates, inflationary pressures, delays in corporate activity and investment, uncertainty about the availability of financing and increased volatility in the value of financial instruments. The Audit Committee has considered the particular circumstances of the Company in light of these issues, in particular the associated risk exposures and implications for financial reporting.</p> <p>As an investment company, the Company does not have employees, customers or suppliers in a conventional sense. Reliance is however placed on service providers, principally the Investment Manager and the Administrator. The Committee has been kept apprised of business continuity measures enacted by these key service providers and is receiving updates in relation to any emergent risks, vulnerabilities and the continued effectiveness of internal controls. Information flows between the Investment Manager and other advisers have been effective and a key component of oversight in prevailing conditions. Both the Board and the Investment Manager are maintaining dialogue with shareholders in order to provide transparency.</p> <p>Campastros/Rasa Land investment ("RLI")</p> <p>RLI is the sole remaining unlisted and level 3 asset in the BGHL portfolio, representing 0.34% of NAV at the end of 2022, and was the subject of a corporate restructuring during the year as described in Note 3.1. This position is not immediately realisable and requires valuation based on third party assessments and judgements. Consideration was given as to whether the selected basis of valuation was reasonable and fair.</p> <p>Historically, the valuation used has been based on calculations produced by the management of that company. A key input is land valuations produced independently of management by a third party. Consistent application of the valuation mechanic used by RLI management is verified by reporting accountants, although this verification does not of itself opine on the resultant valuation.</p> <p>In the prior year a c.78% fair value adjustment was made against the net asset value of RLI, representing the fair value calculated using the tender price. The Audit Committee remains of the view that a fair value adjustment reflecting illiquidity is appropriate given BGHL's intention to trade out of the position before RLI management deliver final liquidity to investors. The quantum of the fair value adjustment reflects the differential between the respective time horizons of BGHL and RLI management for value realisation. This is considered to have implications for the manner in which fair value should be assessed, and greater emphasis has been placed on realisable value than intrinsic value.</p> <p>There remains no immediate threat to solvency and going concern within RLI, and there are physical land assets to underpin the valuation. The fair value adjustment against the reported valuation in 2022 is considered fair.</p>

Boussard & Gavaudan Holding Limited
Report of the Audit Committee
For the year ended 31 December 2022

<p>COVID-19</p>	<p>The continued nature of the global pandemic, and uncertainty about its long-term economic impact is still valid. Whilst the pandemic is deemed to have generally passed in most regions there are still ongoing effects in specific geographies, particularly in China. The Committee took note of the fact that NAV has continued to perform within the bounds predicted by stress testing scenarios notwithstanding the unprecedented nature of the disruption inflicted on societies and businesses by the disease. The derivative instruments used to provide downside protection are “over the counter” (“OTC”) and remain capable of being priced by reference to third party market sources, thereby supporting valuations. The Committee remains vigilant in considering potential adverse effects that might challenge the Investment Manager’s models and asset allocation style.</p> <p>The Committee reviews information provided by the Investment Manager in relation to the COVID-19 pandemic and believes the Company is meeting regulatory and broader stakeholder requirements for financial and other public disclosures.</p>
<p>Continuation Vote</p>	<p>The Audit Committee concluded that until such time as the outcome of the Continuation Vote is known the Company is viable as a going concern and that it is appropriate that the Financial Statements be prepared on a going concern basis.</p> <p>As disclosed in the prior year’s annual report and audited Financial Statements, the Board had previously made a commitment that, if the Company’s shares traded at an average discount in excess of 15 per cent over the financial year to 31 December 2022, the Board would propose a Continuation Vote (the “Continuation Vote”) at the annual general meeting to be held in 2023. As these conditions have been satisfied the Board will be proposing a Continuation Vote to Shareholders at the Company’s forthcoming AGM, which is expected to be held by the end of September 2023. Whilst the detail of these proposals has not yet been determined it is clear that there is material uncertainty as to how the outcome of the Continuation Vote will impact on the future of the Company.</p>
<p>Completeness and accuracy of the disclosures in the Financial Statements</p>	<p>The Audit Committee concluded that all appropriate and required disclosures have been incorporated in the Financial Statements and drew comfort from the fact that multiple layers of oversight exist to achieve this objective. Specifically, the sub-administrator, administrator, Investment Manager and external auditor have all performed their own checks for completeness.</p> <p>The Audit Committee continues to give particular attention to the extent of disclosures about the underlying portfolio of the Master Fund. Risk measures, sensitivities and performance are driven by the make-up of that portfolio and hence additional disclosures about it are appropriate to permit a full understanding of the accounts. However, BGHL does not have direct influence over the Master Fund and the Committee remains concerned to ensure that the correct balance gets struck between disclosing the drivers of performance, without inviting users of the Financial Statements to conflate BGHL with the Master Fund.</p>

Boussard & Gavaudan Holding Limited
Report of the Audit Committee
For the year ended 31 December 2022

Presentation of Financial Statements	<p>The Audit Committee considered the complexity of the Financial Statements in their entirety, and the descriptive narrative supporting the financial disclosures. It was recognised that the sophistication of the investment strategies pursued by BGHL do not lend themselves to description in “plain English” and that the use of technical terminology was not always consistent with the goals of ensuring transparency and maximising ease of understanding.</p> <p>On balance the Audit Committee concluded that the benefits of accurate - but detailed - descriptive narrative outweighed the possible benefit of simplified summaries. The nature of the shareholder base (predominantly sophisticated professional investors) was an important factor in reaching this conclusion.</p>
--------------------------------------	--

Going concern

The Audit Committee reviewed the assumptions upon which it is assumed that BGHL can continue to operate on a going concern basis. These assumptions include the significant COVID-19 issue as well as the Continuation Vote issue, regarding which further details are provided in the table above. In so doing, it assessed outstanding financial obligations and calls on BGHL’s resources, investment performance and the meeting of shareholders’ expectations.

Auditor and audit tenure

BGHL’s auditor has acted in this role since 2006, but there were partner rotations in 2014 and 2019. The Committee, in conjunction with the Board, is committed to reviewing this appointment on a regular basis to ensure that BGHL is receiving an optimal level of service. The appointment of the auditor is reviewed annually and the Committee is satisfied that sufficient safeguards have been put in place by the auditor to mitigate risks associated with long association, such as regular partner rotation. There are no contractual obligations which restrict BGHL’s choice of auditor. Notwithstanding the Board’s satisfaction that the auditor remains independent, it had been the intention of the Company to initiate a tender programme during 2021. The Board however did not feel it prudent to pursue this until such time as the disruption caused by COVID-19 pandemic had subsided. Subsequently the Board has decided to defer the process until the result of the Continuation Vote is known.

The Committee does not award any non-audit work other than the review of its interim Financial Statements for the half year ended 30 June and the work required for the provision of the ESEF filing. The full Board would have to approve any other non-audit work. Where non-audit services are provided by the auditor, these engagements are pre-approved by the Committee to ensure that the auditor’s independence and objectivity is not breached, and a recommendation is made to the Board. Whilst interim reviews of financial information are considered to be a non-audit service, the Committee did not consider that this role undermined the auditor’s independence. No other non-audit services were provided in 2022.

The Committee considered the experience and tenure of the audit partner and staff and the nature and level of services provided. The Committee received confirmation from the auditor that it had complied with the relevant Guernsey professional and regulatory requirements on independence.

Assessment of the external audit process

The Committee considers the nature, scope and results of the auditor’s work and monitors the independence of the external auditor. Formal reports are received from the auditor on an annual basis relating to the extent of their work. The work of the auditor in respect of any significant audit issues and consideration of the adequacy of that work is discussed.

The Chairman of the Committee liaises with the Investment Manager, the Administrator and the Sub-Administrator to discuss the extent of audit work completed to ensure all matters of risk are covered, while the Committee assesses the quality of the draft Financial Statements prepared by the Sub-Administrator.

The Committee has an active involvement in and oversight of the preparation of both half yearly and annual Financial Statements. Ultimate responsibility for reviewing and approving the annual financial report remains with the Board.

Conclusion in respect of the Annual Report and audited Financial Statements

The production of BGHL’s annual report and audited Financial Statements is a comprehensive process requiring input from a number of different parties. One of the key governance requirements is that BGHL’s annual report

Boussard & Gavaudan Holding Limited
Report of the Audit Committee
For the year ended 31 December 2022

and audited Financial Statements be fair, balanced and understandable. The Board has requested that the Committee advise on whether it considers that the annual financial report fulfils these requirements.

As a result of the work performed, the Committee recommended that the Board should conclude that the annual report and audited Financial Statements for the Year, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess BGHL's performance, business model and strategy and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Directors' Report above.



Luke Allen
Chairman of the Audit Committee
27 April 2023

Boussard & Gavaudan Holding Limited

Alternative Investment Fund Managers Directive Report

For the year ended 31 December 2022

Background

The AIFMD came into force on 22 July 2013, although there was a transitional period for compliance by existing AIFMs and AIFs until 21 July 2014 under the UK's Alternative Investment Fund Managers Regulations, 2013 (the "AIFMD Regulations"). The objective of the AIFMD is to introduce a common regulatory regime for funds marketed in or into the European Union ("EU") which are not regulated under the UCITS regime, with a view to increased investor protection and to enable European regulators to obtain increased information in relation to funds being marketed in or into the EU to assist their monitoring and control of systemic risk issues.

BGHL is not marketed in the EU and therefore does not fulfill the definition of an AIF. However, the Board has chosen to voluntarily adopt the requirements of AIFMD and AIFMD regulations for the Year.

A further consequence of not being marketed in the EU is that BGHL is not in scope of the EU Sustainable Finance Disclosure Regulation (the "SFDR Regulation").

As the Investment Manager is established in the United Kingdom, it has been a non-EU-based AIFM since 1 January 2021. Although the Investment Manager was previously within the scope of AIFMD, BGHL is a non-EU AIF not currently marketed in the EU, so the depositary rules in Article 21 of the AIFMD and the transparency requirements of Articles 22 (annual report) and 23 (Disclosure to investors) of the AIFMD do not apply to BGHL. However, on the advice of the Investment Manager the Board wishes to provide BGHL's shareholders with the information below.

1. Material changes in the disclosures to investors

During the Year, there were no material changes to the information required to be made available to investors before they invest in BGHL under Article 23 (Disclosure to investors) of the AIFMD.

2. Presentational changes to the income and expenditure account

Note 12 to Financial Statements details the realised and change in unrealised gain /loss at asset type level as per the AIFMD requirements.

3. Risk management policy note

The current risk profile of BGHL, the main features of the risk management systems employed by Investment Manager to manage those risks and the measures to assess the sensitivity of BGHL's portfolio to the most relevant risks are set out in the Investment Manager's Report and in Note 4 to the Financial Statements.

4. Leverage and borrowing

BGHL is entitled to employ leverage in accordance with its investment policy and as described in the section entitled "BGHL exposure" reproduced in the Investment Manager's Report. The investment policy does not restrict the types and sources of leverage.

Derivatives are used by BGHL for the purpose of hedging the exposure on assets denominated in currencies other than the Euro.

Collateral and asset re-use

The investment policy does not restrict collateral and asset "re-use" arrangements.

Leverage limits and usage

BGHL is subject to the following leverage limits:

- 200% of the Net Asset Value.
- 200% of the Net Asset Value as per the AIFMD's "commitment method",
- 200% of the Net Asset Value as per the AIFMD's "gross method"

5. Liquidity arrangements

BGHL is a closed-ended AIF with the ability to employ leverage, which has two implications on its liquidity management:

- BGHL has no redemption-related liquidity management requirements.

Boussard & Gavaudan Holding Limited

Alternative Investment Fund Managers Directive Report

For the year ended 31 December 2022

- The Investment Manager monitors the liquidity risk and ensures that the liquidity profile of BGHL's investments complies with BGHL's underlying obligations. BGHL's liquidity risk, obligations and liquidity sources are described in Note 4c.

Within the meaning of AIFMD:

- There were no "new arrangements for managing the liquidity" of BGHL during the reporting Year.
- BGHL has no "assets subject to special arrangements arising from their illiquid nature".

6. Disclosures on Securities Financing Transactions and Total Return Swaps

BGHL, being managed by an UK-based AIFM throughout the Year, is subject to the European Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse.

BGHL does not use securities financing transactions nor total return swaps.

7. AIFM Remuneration Policy

Remuneration reporting requirements under the AIFMD Regulations are effective once a first full year period has been completed. Given that BGHL decided to voluntarily comply with the AIFMD Regulations with effect from 21 July 2014, these requirements apply to BGHL.

The Investment Manager (the "AIFM") Remuneration Policy is designed to support a pay for performance philosophy and reward eligible colleagues for both team and individual performance against specific goals in line with the needs of the business. All employees share in the responsibility for financial success and the growth of the business. The Remuneration Policy links individual objectives directly to the goals of the business. A participant's actual incentive pay-out will be based on both funding results and business distribution approach. Incentive funding takes into consideration financial performance of a participant's business as well as the Investment Manager overall financial performance. The Investment Manager has a pay for performance philosophy and expects differentiated rewards based on individual performance and contributions. Therefore, distribution of the funded incentive pool is intended to deliver differentiated incentives to the highest performers. Management discretion may be used in determining the funding and the final pay-out. An incentive pay-out is not an entitlement or guarantee, it is designed to enlist and encourage the right actions/behaviours, and reward based on results. All staff receive fixed remuneration in the form of basic pay to ensure that the fixed and variable components are appropriately balanced. The element of basic pay is sufficiently high to allow the operation of a fully flexible policy on variable remuneration including allowing no variable remuneration component being paid. The remuneration policy includes the following features: deferral over 3 years, awards in instruments, at least 50% in shares, retention of the shares for 6 months, and potential application of malus and clawback provisions.

Total remuneration paid to staff of the AIFM during the financial period ending 31 March 2022:

Fixed remuneration*: €9,958,240

Variable remuneration*: €25,863,825

Number of staff: 79

Aggregate remuneration of senior management*: €9,134,629

Aggregate remuneration of employees whose actions have a material impact on the risk profile of the AIFs managed by the AIFM*: €15,616,433

*Remuneration figures reflect an approximation of the portion of remuneration reasonably attributable to the AIFs.

The numbers cover the period from 31 March 2021 to 31 March 2022.

Boussard & Gavaudan Holding Limited
Management Report
For the year ended 31 December 2022

RESPONSIBILITY STATEMENT

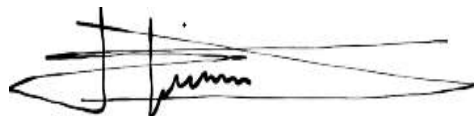
A description of important events which have occurred during the Year, their impact on the performance of BGHL as shown in the Financial Statements and a description of the principal risks and uncertainties facing BGHL, together with an indication of important events that have occurred since the end of the Year and BGHL's likely future development is given in the report of the Investment Manager, the Directors' Report and the Notes to the Financial Statements. They are considered to be incorporated here by reference.

There were no material related party transactions which took place in the Year, other than those disclosed in the report of the Investment Manager and in Note 6 to the Financial Statements.

The Directors confirm that to the best of their knowledge:

- (a) the Financial Statements, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of BGHL as at and for the Year and,
- (b) this management report (including the information incorporated by reference) includes a fair review of the development and performance of BGHL and its position at the Year end, together with a description of the principal risks and uncertainties that BGHL faces.

By order of the Board



Fred Hervouet
Chairman



Luke Allen
Director

27 April 2023

Boussard & Gavaudan Holding Limited

Report of Independent Auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOUSSARD & GAVAUDAN HOLDING LIMITED

Opinion

We have audited the financial statements of Boussard & Gavaudan Holding Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements, including the UK FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.

Material uncertainty related to going concern

We draw your attention to Note 2 in the Financial Statements, which states that there is a Continuation Vote expected to be held at the 2023 Annual General Meeting. In the Board's view this creates a material uncertainty over the ability of the Company to continue as a Going Concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

We draw attention to the viability statement in the Annual Report on page 23 and 24, which indicates that the assumptions to the statement of viability is on the basis that the vote is passed in favour of the Company continuing. The Directors consider that the material uncertainty referred to in respect of going concern may cast significant doubt over the future viability of the Company. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included;

- Confirming our understanding of the Directors and Investment Manager's going concern assessment process by engaging with the Investment Manager early in the audit process to ensure all key factors were considered in their assessment in its going concern reporting which forms the basis for the Directors' assessment;
- Obtaining the Investment Manager's going concern assessment which comprised a cashflow forecast for the going concern period to 30 April 2024, acknowledging the liquidity of the investment in BG Fund and the significant net asset position, and tested the forecast for arithmetical accuracy;
- Challenged the appropriateness of the Investment Manager's forecasts by applying sensitivities to understand the impact on liquidity of the Company;
- Holding discussions with the Investment Manager and the Board on whether events or conditions exist that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern. We have confirmed that the Company's shares traded at an average discount in excess of 15 per cent during the year ending 31 December 2022 and on that basis the Board will be proposing a Continuation Vote to the Shareholders at the annual general meeting to be held in 2023;

Boussard & Gavaudan Holding Limited

Report of Independent Auditor

- Assessing the assumptions used in the going concern assessment prepared by the Investment Manager and considering whether the methods utilised were appropriate for the Company;
- Reading the going concern disclosures included in the annual report and financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting; and
- the directors' identification in the financial statements of the material uncertainty related to the entity's ability to continue as a going concern over a period to 30 April 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none">• Valuation of Level 2 investments
Materiality	<ul style="list-style-type: none">• Overall materiality of €3.5m which represents 1% of total equity.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

The Company has explained climate-related risks in the 'Highlights and review of the development of the business' section of the Investment Manager's Report and Financial Highlights and form part of the "Other information", rather than the audited Financial Statements. Our procedures on these disclosures therefore consisted solely of considering whether these disclosures are materially inconsistent with the Company's Financial Statements, or our knowledge obtained in the course of the audit, or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in Note 2 and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by IFRS as adopted by EU.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainties related to going concern section, we have determined the matter described below to be the key audit matters to be communicated in our report.

Boussard & Gavaudan Holding Limited

Report of Independent Auditor

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Fair value of Level 2 Investments is not properly determined (2022: €342.7 million, 2021: €375.3 million)</p> <p>Refer to the Report of the Audit Committee on page 28, Accounting policies Note 2 on page 47 and Note 3 of the Financial Statements on page 52.</p> <p>Over 99% of the fair value of investments relate to the Company's holding in the BG Fund.</p> <p>The valuation of the investments is the principal driver of the Company's net asset value and total comprehensive income. Incorrect valuation could have a significant impact on the net asset value of the Company.</p>	<ul style="list-style-type: none"> Updated our understanding of the investment valuation process through a review of the SOC 1 report of the Company's Administrators, performed a walkthrough and evaluated the design of controls in this area.; We obtained an analysis of the Level 2 investment held by the Company and the methods used to value these investments; For holdings in BG Fund, we have obtained the BG Fund investor statement produced by BG Fund's administrator confirming the Net Asset Value ("NAV") per unit and the number of units held at 31 December 2022 and agreed these to amounts utilised by the company; We have obtained a copy of the signed annual report and Financial Statements of the BG Fund for the year ended 31 December 2022 and agreed the NAV per unit; and We have observed the liquidity of the company's Level 2 investment at and around the year end date by obtaining the issues/redemptions schedule from the independent administrator. 	<p>We reported to the Audit Committee that, overall, the valuation of the Company's investment in the underlying Partnership was materially correct and in accordance with IFRS</p>

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be €3.5 million (2021: €3.7 million), which is 1% (2021: 1%) of total equity. We believe that total equity provides us with an appropriate basis for audit materiality as this is a key published performance measure and is a key metric used by management in assessing and reporting on the overall performance of the Company.

During the course of our audit, we reassessed initial materiality and noted that total equity had decreased from €351.6 million at 30 June 2022 to €345.2 million as at 31 December 2022. This movement however had no impact on the materiality determined at the audit planning stage.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely €2.6

Boussard & Gavaudan Holding Limited

Report of Independent Auditor

million (2021: €2.7 million). We have set performance materiality at this percentage due to the investment strategy remaining consistent with our previous experience and limited identification of audit findings in previous periods.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €0.2 million (2021: €0.2 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Financial Statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 24;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 23 and 24;
- Directors' statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities, set out on page 24;
- Directors' statement on fair, balanced and understandable set out on page 26;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 21 and 22;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 22 and 23; and;
- The section describing the work of the audit committee set out on pages 28-33.

Boussard & Gavaudan Holding Limited

Report of Independent Auditor

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 26, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with those charged with governance of the Company.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are
 - The Companies (Guernsey) Law, 2008
 - The Protection of Investors (Bailiwick of Guernsey) Law, 2020
 - The UK Corporate Governance Code
 - The 2019 AIC Code of Corporate Governance
 - Financial Conduct Authority ("FCA") Listing Rules
 - Disclosure Guidance and Transparency Rules ("DTR") of the FCA
 - The listing rules of Euronext Amsterdam
- We understood how the Company is complying with those frameworks by making enquiries of the Investment Manager and those charged with governance regarding:
 - their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the Financial Statements;
 - the Company's methods of enforcing and monitoring non-compliance with such policies;
 - management's process for identifying and responding to fraud risks, including programs and controls the Company has established to address risks identified by the entity, or that otherwise prevent, deter and detect fraud; and
 - how management monitors those programs and controls.
- Administration and maintenance of the Company's books and records is performed by JTC Fund Solutions (Guernsey) Limited (Administrator and Corporate Secretary) and SS&C Financial Services, LLC (Sub-Administrator) which are regulated firms, independent of the Investment Manager and the Company. We corroborated our enquiries through our review of Board minutes and any correspondence received from regulatory bodies. We also obtained their SOC1 controls reports and bridging letters for the period not covered by the reports, and reviewed them for findings relevant to the Company. We noted no contradictory evidence during these procedures.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by:

Boussard & Gavaudan Holding Limited

Report of Independent Auditor

- obtaining an understanding of entity-level controls and considering the influence of the control environment;
 - obtaining management's assessment of fraud risks including an understanding of the nature, extent and frequency of such assessment documented in the Company's risk register;
 - making inquiries with those charged with governance as to how they exercise oversight of management's processes for identifying and responding to fraud risks and the controls established by management to mitigate specifically those risks the entity has identified, or that otherwise help to prevent, deter and detect fraud;
 - making inquiries with management and those charged with governance regarding how they identify related parties including circumstances related to the existence of a related party with dominant influence; and
 - making inquiries with management and those charged with governance regarding their knowledge of any actual or suspected fraud or allegations of fraudulent financial reporting affecting the Company.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures involved a review of board minutes, inquiries of the Investment Manager and those charged with governance, and focused testing, including:
 - Through discussion, gaining an understanding of how those charged with governance, the Investment Manager, Administrator and Sub-Administrator identify instances of non-compliance by the Company with relevant laws and regulations;
 - Inspecting the relevant policies, processes and procedures to further our understanding;
 - Reviewing Board minutes and internal compliance reporting;
 - Inspecting correspondence with regulators; and
 - Obtaining relevant written representations from the Board of Directors.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- Following the appointment by the directors, we were appointed by the Company at its annual general meeting on 14 August 2007 to audit the Financial Statements for the period ending 31 December 2007 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 15 years and 5 months, covering the period from initial appointment to 31 December 2022.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Geoffrey Le Tissier



*For and on behalf of Ernst & Young LLP
Guernsey, Channel Islands
27 April 2023*

Notes:

1. The maintenance and integrity of the Boussard & Gavaudan Holding Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.
2. Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Boussard & Gavaudan Holding Limited
Statement of Financial Position
As at 31 December 2022

	Note	31 Dec 2022 €	31 Dec 2021 €
Assets			
Investments at fair value through profit or loss			
Cost: €168,898,659 (2021: €180,116,178)	3	343,857,538	376,435,851
Unrealized gain on forward derivatives contracts	3	95,015	53,891
Due from brokers	14	300,000	540,000
Cash and cash equivalents		2,608,375	497,157
Total assets		346,860,928	377,526,899
Liabilities			
Unrealized loss on forward derivatives contracts	3	121,170	24,140
Due to brokers	14	1,667	229
Performance fees payable	8	-	10,391,558
Management fees payable	8	1,304,193	1,373,118
Other liabilities		186,995	106,400
Total liabilities		1,614,025	11,895,445
Equity			
Share capital		199,707,919	199,707,928
Retained earnings		145,538,984	165,923,526
Total equity		345,246,903	365,631,454
Total equity and liabilities		346,860,928	377,526,899
Net asset value per share:			
Class A EURO shares outstanding 12,307,469 (2021: 12,387,061)		€27.7693	€29.2003
Class A GBP shares outstanding 126,294 (2021: 130,254)		£24.4264	£25.3052

The Financial Statements on pages 43 to 63 were approved by the Board of Directors on 27 April 2023 and signed on its behalf by:



Fred Hervouet
Chairman



Luke Allen
Director

The accompanying notes on pages 47 to 63 form an integral part of these Financial Statements

Boussard & Gavaudan Holding Limited
Statement of Comprehensive Income
For the year ended 31 December 2022

	Note	31 Dec 2022 €	31 Dec 2021 €
Income			
Net realised gain on financial assets and liabilities at fair value through profit or loss	12	9,086,527	22,232,139
Change in unrealised (loss)/gain on financial instruments at fair value through profit or loss	12	(21,416,702)	29,282,166
Net (loss)/gain on financial assets at fair value through profit or loss		(12,330,175)	51,514,305
Other realised and unrealised foreign currency gain		9,195	7,435
Interest income		1,481	-
Total (loss)/income		(12,319,499)	51,521,740
Expenses			
Interest expense on cash equivalents		1,326	2,798
Performance fees	8	-	10,391,558
Management fees	8	5,292,361	5,342,007
Administrative fees	7	187,109	153,968
Directors fees	6	166,756	137,139
Professional fees		92,406	88,316
Audit fees		117,840	84,170
Other expenses		342,388	229,115
Total expenses		6,200,186	16,429,071
Net (loss)/profit and total comprehensive income		(18,519,685)	35,092,669
Basic and diluted earnings per share			
Class A EURO €18,181,441 Loss / 12,325,719 shares (2021: €33,777,905 Profit / 12,567,377 shares)		(€1.4751)	€2.6877
Class A GBP £292,003 Loss / 129,924 shares, (2021: £1,126,218 Profit / 280,807 shares)		(£2.2475)	£4.0106

There is no statement of Other Comprehensive Income presented as there was no other comprehensive income during the Year.

All activities are of a continuing nature.

The accompanying notes on pages 47 to 63 form an integral part of these Financial Statements

Boussard & Gavaudan Holding Limited
Statement of Changes in Equity
For the year ended 31 December 2022

	Share Capital	Distributable Reserve	Treasury Shares	Retained Earnings	Total Equity
	€	€	€	€	€
2022					
Balance as at 1 January 2022	199,707,928	-	-	165,923,526	365,631,454
Net loss attributable to ordinary shares	-	-	-	(18,519,685)	(18,519,685)
Treasury shares acquired	-	-	(1,864,866)	-	(1,864,866)
Treasury shares cancelled	(9)	(1,864,857)	1,864,866	-	-
Transfer to retained earnings	-	1,864,857	-	(1,864,857)	-
Balance as at 31 December 2022	199,707,919	-	-	145,538,984	345,246,903

	Share Capital	Distributable Reserve	Treasury Shares	Retained Earnings	Total Equity
2021					
Balance as at 1 January 2021	199,708,055	-	(5,444,132)	163,183,531	357,447,454
Net gain attributable to ordinary shares	-	-	-	35,092,669	35,092,669
Treasury shares acquired	-	-	(26,908,669)	-	(26,908,669)
Treasury shares cancelled	(127)	(32,352,674)	32,352,801	-	-
Transfer to retained earnings	-	32,352,674	-	(32,352,674)	-
Balance as at 31 December 2021	199,707,928	-	-	165,923,526	365,631,454

The accompanying notes on pages 47 to 63 form an integral part of these Financial Statements

Boussard & Gavaudan Holding Limited
Statement of Cash Flows
For the year ended 31 December 2022

	Note	31 Dec 2022 €	31 Dec 2021 €
<u>Cash flows from operating activities</u>			
Net (loss)/profit and total comprehensive income		(18,519,685)	35,092,669
Adjustments to reconcile net (loss)/profit to net cash used in operating activities:			
Unrealised loss/(gain) on financial instruments at fair value through profit and loss	12	21,416,702	(29,282,166)
Realised gain on financial instruments at fair value through profit and loss	12	(9,086,527)	(22,232,139)
Decrease/(increase) in due from brokers		240,000	(10,000)
(Decrease)/increase in performance fee payable		(10,391,558)	1,602,894
(Decrease)/increase in management fee payable		(68,925)	60,795
Increase/(decrease) in due to brokers		1,438	(1,224,822)
Increase/(decrease) in other liabilities		80,595	(73,361)
Net cash used in operating activities		<u>(16,327,960)</u>	<u>(16,066,130)</u>
<u>Cash flows from investing activities</u>			
Sales of investments at fair value through profit or loss	3.1/3.2	<u>20,497,002</u>	<u>40,300,001</u>
Net cash provided by investing activities		<u>20,497,002</u>	<u>40,300,001</u>
<u>Cash flows from financing activities</u>			
Treasury shares acquired		(1,864,866)	(26,908,669)
Net (purchases)/sales of foreign exchange forward derivative contracts	12	<u>(192,958)</u>	<u>556,527</u>
Net cash used in financing activities		<u>(2,057,824)</u>	<u>(26,352,142)</u>
Cash and cash equivalents			
Beginning of the year		497,157	2,615,428
Net movement in cash and cash equivalents		<u>2,111,218</u>	<u>(2,118,271)</u>
Cash and cash equivalents at the end of the year		<u>2,608,375</u>	<u>497,157</u>
Supplementary information			
Interest paid		(1,326)	(2,798)
In kind transaction	3.1	1,202,319	-

The accompanying notes on pages 47 to 63 form an integral part of these Financial Statements

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1. General information

1.1 BGHL

BGHL is a limited liability closed-ended investment company incorporated in Guernsey on 3 October 2006 with registration number 45582.

BGHL was admitted to the Eurolist Market operated by Euronext Amsterdam on 3 November 2006. As a result of listing and trading of the shares on Euronext Amsterdam, BGHL is subject to Dutch securities regulations and to supervision by the relevant Dutch authorities. BGHL is registered with the Dutch Authority for the Financial Markets as a collective investment scheme.

On 28 July 2008, BGHL's shares were also admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange Plc's main market for listed securities. As a result of admission to the Official List of the UK Listing Authority, BGHL is subject to the UK Listing Authority's Listing, Prospectus, Disclosure Guidance and Transparency Rules, save where Dutch securities regulations take precedence. BGHL's share issue costs were borne by the Investment Manager.

At the time of this dual listing, BGHL created a class of shares denominated in Sterling (the "Sterling shares") through the conversion of existing Euro shares into new Sterling shares at the prevailing NAV per Euro share as at 30 June 2008. From that date, shareholders have been able to convert their existing holding of shares in BGHL from one class into another class. Conversions from one class to the other, are effected once a year on the last business day of November in compliance with the procedure published on BGHL's website.

1.2 The Investment Manager

Boussard & Gavaudan Investment Management LLP is the Investment Manager of BGHL. The Investment Manager is an English limited liability partnership. The Investment Manager is authorised by the United Kingdom's Financial Conduct Authority to perform the activity of managing alternative investment funds.

The Investment Manager also manages BGF and the Master Fund.

The Administrator arranges for the monthly publication of the NAV of BGHL as at the end of the previous month and the Investment Manager provides daily estimates.

Neither of BGHL and BGF have or have ever had any employees or own or have ever owned any facilities.

2. Accounting policies

Basis of preparation and statement of compliance

The Financial Statements have been prepared on a historical cost basis except for financial assets and liabilities held at fair value through profit or loss that have been measured at fair value.

The Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with legislation and rules pertaining to Amsterdam Euronext and the London Stock Exchange for listed companies, as well as in accordance with the Companies Law.

The accounting policies have been applied consistently by BGHL and are consistent with those used in the previous year. Major accounting policies are described below.

Continuation Vote

As disclosed in the prior year's annual report and audited financial statements, the Board had previously made a commitment that, if the Company's shares traded at an average discount in excess of 15 per cent over the financial year to 31 December 2022, the Board would propose a Continuation Vote (the "Continuation Vote") at the annual general meeting to be held in 2023. As that condition has been met, the Board will be proposing a Continuation Vote at the Company's forthcoming AGM, which is expected to be held by the end of September 2023. Whilst the detail of this proposal has not yet been determined it is clear that there is material uncertainty as to how the outcome of the Continuation Vote will impact the future of the Company. Until such time as the outcome of the Continuation Vote is known, the Board considers that the Company is viable and a going concern and that it is appropriate that the Financial Statements are prepared on a going concern basis.

Going Concern

As set out in the Directors' Report, after considering all of the matters of which the Board is aware that are relevant to the Company's ability to continue as a going concern, including the Continuation Vote referred above which in the Board's view creates a material uncertainty over the ability of the Company to continue as a Going Concern,

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

other significant conditions and events, the plans for future action, and the feasibility of those plans, the Board has a reasonable expectation that BGHL has adequate resources to continue in operational existence for the period up to 30 April 2024. The Investment Manager is comfortable that BGHL currently has enough liquidity to meet all expenses over the coming 12 months. Performance fees are paid annually in March. In order to generate the necessary liquidity to pay expenses, BGHL redeems shares in the Master Fund on a regular basis. BGHL's has a monthly redemption right with 60 calendar days' prior notice to redeem those shares. A long-term liquidity gating at the Master Fund level would still allow BGHL to receive at least 10% of any redemption request and to meet its expenses. Therefore, the Financial Statements have been prepared on a going concern basis.

New standards, amendments and interpretations issued but not effective for the financial Year beginning 1 January 2022 and not early adopted by BGHL

IAS 1 'Presentation of Financial Statements' Classification of Liabilities as Current or Non-current. The International Accounting Standards Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The effective date is for annual periods beginning on or after 1 January 2023. The standard is not expected to have a material impact on the Financial Statements or performance of BGHL.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2. In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The effective date is for annual periods beginning on or after 1 January 2023. BGHL is in the process of assessing the amendments to the standard but it is not expected to have a material impact on the Financial Statements or performance of BGHL.

Definition of Accounting Estimates - Amendments to IAS 8. In February 2021, the IASB issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The effective date is for annual periods beginning on or after 1 January 2023. The standard is not expected to have a material impact on the Financial Statements or performance of BGHL.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant or material impact on BGHL.

New standards, amendments and interpretations effective for the Period beginning 1 January 2022 and adopted by BGHL

There are no standards, amendments to standards or interpretations that are effective for periods beginning on 1 January 2022 that have a material effect on the Financial Statements of BGHL.

Significant accounting judgements, estimates and assumptions

The preparation of BGHL's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the Financial Statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying BGHL's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Fair Value

The carrying values of all financial assets and liabilities are reasonable approximations of their fair values. When the fair value of financial assets cannot be derived from active markets, their fair value is determined using valuation techniques that may include the use of valuation models. BGHL applies judgement when selecting the method of valuation.

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. BGHL based its assumptions and estimates on parameters available when the Financial Statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of BGHL. Such changes are reflected in the assumptions when they occur.

Fair Value

The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

The models are tested for validity by calibration against prices from any observable current market transactions in the same instrument (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, BGHL performs sensitivity analysis or stress testing techniques.

BGHL may invest in private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.

The Investment Manager considers the valuation techniques and inputs used in valuing these investments as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund.

When assessing the fair value of the Campastros position, BGHL made an estimation of the level of discount to the valuation reported by RLI reflecting the value currently realisable by BGHL.

For a description of estimates and assumptions used in assessing fair value of financial assets, please refer to Note 3. Management believes that the estimates utilised in preparing its Financial Statements and management judgements applied are reasonable. However, actual results could differ from these estimates.

Climate Change

In preparing BGHL's Financial Statements the Directors have considered the impact of climate change risk as a principal risk as set out in the Principal and Emerging Risks and Uncertainties section of the Directors' Report and have concluded that it does not have a material impact on the value of the Company's investments. In line with IFRS, investments are valued at fair value as disclosed in Note 3. The Directors consider that the pricing of the underlying portfolio of the Company's investments reflects market participants' views of climate change risk and that there are no further climate related influences on the NAV of the Master Fund in which BGHL invests.

Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which BGHL operates ('the functional currency'). The functional currency is Euro, which reflects BGHL's primary activity of investing in Euro denominated securities. BGHL has adopted the Euro as its presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Financial assets and liabilities at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

(c) At initial recognition, it is irrevocably designated as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Included within this category are:

- Investments in equity instruments as they are held for trading;
- Investments in debt instruments that are held under a business model to manage them on a fair value basis for investment income and fair value gains; and
- Derivative forward contracts that are in an asset position.

Investments in equity are initially recognised at fair value excluding attributable purchase costs. For equity and debt instruments that are listed they are subsequently valued by using quoted prices, whereas non-listed equities are determined by using the NAV determined by independent administrator as its basis or by using valuation models. The valuation methodology is discussed in Note 3.

Derivative forward contracts

A forward contract is a contract which obliges one party to the contract to buy, and the other party to sell, the asset that is the subject of the contract for a fixed price at a future date. Forward contracts are initially recorded at fair value. A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, at a price set at the time the contract is made. Forward foreign exchange contracts are subsequently valued by reference to the forward price at which a new forward contract of the same size and maturity could be undertaken at the valuation date. The unrealised gain or loss on open forward currency contracts is calculated as the difference between the contract rate and this forward price, and is recognised in the Statement of Financial Position.

Changes in the fair value of investments are recorded in the Statement of Comprehensive Income in net unrealised gain/loss on financial assets at fair value through profit or loss.

BGHL's policy is to determine that any transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting Year.

Financial liabilities at fair value through profit or loss

A financial derivative liability is required to be measured at fair value through profit or loss. Included within this category are:

- Derivative forward contracts that are in a liability position.

The accounting policy for forward contracts in a liability position is the same as described in financial assets at fair value through profit or loss.

Recognition/derecognition of financial assets and liabilities at fair value

Purchases and sales of financial assets and liabilities at fair value are recognised on the trade date - the date on which BGHL commits to purchase or sell the investment. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or BGHL has transferred substantially all risks and rewards of ownership. Financial liability are derecognised when its contractual obligations are discharged or cancelled, or expire.

Due from and due to brokers

Amounts due from and to brokers represent deposits held with brokers, receivables for securities sold, payables or payments for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively, and cash pledged as collateral on derivative contracts. Amounts due from brokers is initially measured at fair value plus transaction costs and subsequently measured at cost less impairment. Amounts due to brokers is initially measured at fair value less transaction costs and subsequently measured at amortised cost.

Impairment of financial assets

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the expected credit loss ("ECL") is negligible. Investments held at fair value through profit or loss are not subject to IFRS 9 impairment requirements.

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

For due from brokers the Company uses a 12 month expected loss allowance. The Company has completed some high-level analysis and forward looking qualitative and quantitative information, to determine if the receivables are low credit risk. Based on this analysis the expected credit loss (“ECL”) on receivables is not material and therefore no impairment adjustments were accounted for.

Offsetting of financial instruments

Financial assets and financial liabilities are not offset in the statement of financial position. However they should be offset if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts.

Taxation

Current income tax assets and liabilities for the current Year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where BGHL directly and through the Master Fund, operates and generates taxable income.

BGHL invests in foreign countries which may levy withholding tax at source on revenues derived by non-residents. Where such tax is withheld at source by the broker or another party, BGHL records the revenue on a gross basis in Statement of Comprehensive Income (the revenue is grossed up and offset against an expense representing the tax withheld at source).

Expenses

Expenses are accounted for as they occur on an accruals basis. Expenses are charged to the Statement of Comprehensive Income.

Interest income and expense

Interest income, arising on due from brokers and interest expense on due to brokers and short-term loans are recognised in the Statement of Comprehensive Income within interest income and interest expense.

Dividend income

Dividend income is recognised on the ex-dividend date.

Investment entity

BGHL has unrelated investors and holds multiple investments. Ownership interests in BGHL are in the form of equity shares which are exposed to variable returns from changes in the fair value of BGHL’s assets and liabilities. BGHL has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- (a) BGHL has obtained funds for the purpose of providing investors with investment management services.
- (b) BGHL’s business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income, through investments.
- (c) The performance of investments is measured and evaluated on a fair value basis.

- The Fund is an investment entity, therefore, it holds its investments in subsidiaries at fair value rather than consolidating them and are classified as fair value through profit or loss in accordance with IFRS 9.

- The Fund’s prospectus details Its objective of providing investment management services to investors. The Fund reports to its investors, and to its management on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Fund’s annual reports. The Fund has a clearly documented exit strategy for all of its investments. The Board has also concluded that the Fund meets the additional characteristics of an investment entity, in that it has more than one investment; the Fund’s ownership interests are predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties. The Board has concluded that the Fund meets the definition of an investment entity. These conclusions will be reassessed on a continuous basis, if any of these criteria or characteristics change.

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

BGHL's exit strategy with respect to its investment in BGF is that BGHL may redeem its shares in BGF on a monthly basis and does not have any special or preferential rights in BGF. Redemptions and subscriptions in BGF are made in order to manage BGHL's exposure in accordance with BGHL's investment policy.

Basic and diluted earnings per share, and NAV per share

Basic earnings per share are calculated by dividing the net income by the weighted average number of registered shares in issue, during the Year. There is no difference between the basic and diluted earnings per share.

NAV per share is calculated by dividing the net assets at the Statement of Financial Position date by the number of shares outstanding at the Statement of Financial Position date.

Treasury shares

When BGHL purchases its own equity instruments (treasury shares), they are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of BGHL's own equity instruments.

3. Fair value of financial instruments

The following tables analyse BGHL's net assets between the three levels of the fair value hierarchy:

31 December 2022	Level 1	Level 2	Level 3	Total Fair Value	Total Cost
Financial assets at fair value €:					
BG Fund	-	342,698,082	-	342,698,082	168,895,659
Private equity investments	-	-	1,159,456	1,159,456	3,000
Sub-Total €		342,698,082	1,159,456	343,857,538	168,898,659
Derivatives					
Forward foreign exchange contracts	-	95,015	-	95,015	-
Sub-Total €	-	342,793,097	1,159,456	343,952,553	168,898,659
Financial liabilities at fair value €:					
Derivatives					
Forward foreign exchange contracts	-	(121,170)	-	(121,170)	-
Total €	-	342,671,927	1,159,456	343,831,383	168,898,659
31 December 2021	Level 1	Level 2	Level 3	Total Fair Value	Total Cost
Financial assets at fair value €:					
BG Fund	-	375,349,958	-	375,349,958	177,456,689
Private equity investments	-	-	1,085,893	1,085,893	2,659,489
Sub-Total €	-	375,349,958	1,085,893	376,435,851	180,116,178
Derivatives					
Forward foreign exchange contracts	-	53,891	-	53,891	-
Sub-Total €	-	375,403,849	1,085,893	376,489,742	180,116,178
Financial liabilities at fair value €:					
Derivatives					
Forward foreign exchange contracts	-	(24,140)	-	(24,140)	-
Total €	-	375,379,709	1,085,893	376,465,602	180,116,178

Other short term operating assets and liabilities are excluded from the table due to their nature.

In accordance with IFRS, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. The above tables analyse BGHL's investment into the three levels of fair value hierarchy in accordance with IFRS 13 as described below:

Level 1 – quoted prices in active markets for identical investments that BGHL has the ability to access.

Level 2 – valuations based on other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment spreads, credit risk, etc.) or quoted prices from inactive exchanges. Forward contracts are valued primarily based on market observable inputs such as a share price or forward foreign currency curves at the balance sheet date.

Level 3 – valuations based on significant unobservable inputs (including BGHL's own assumptions in determining the fair value of investments)

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

3.1 Level 3 investments

Financial assets €	31 December 2022	31 December 2021
Opening Balance	1,085,893	1,009,258
Purchase	3,000	-
Realised loss	(2,659,489)	-
Unrealised gain	2,730,052	76,635
Closing Balance	1,159,456	1,085,893

The above tables present the movements in Level 3 investments. There were no transfers between levels for the Year.

In October 2022, BGHL acquired 100% of the share capital of Campastros S.L.U (“Campastros”) for €3,000. Campastros is a holding company established in Spain for the purpose of investing in RLI and is a wholly owned subsidiary of BGHL.

In November 2022, BGHL ratified the contribution in-kind of 10,064,202 ordinary shares of Rasa Land Investors PLC (“RLI”) to Campastros.

The contribution price was \$1,234,878 (\$0.1227 per share), which was the fair value of Rasaland at the time of the transfer. The transfer of the RLI shares to Campastros was a contribution in-kind with no cash consideration. As a result of the transaction there was no net gain or loss to BGHL in 2022, however this realised RLI's previously unrealised loss of €1,460,171 and the movement is disclosed within Net realised gain on financial assets and liabilities at fair value through profit or loss and Changes in unrealised (loss)/gain on financial instruments at fair value through profit or loss on the statement of comprehensive income.

Investment in Rasa Malta, S.A.P.I. de C.V. (formerly Rasa Land Investors Plc) (“Rasa”) through Campastros, S.L.U. (“Campastros”)

Campastros is classified as a Level 3 asset for valuation purposes.

Campastros

In 2022, BGHL made an in-kind contribution of its holding in Rasa to Campastros. Campastros is a holding company established in Spain for the purpose of investing in Rasa. Campastros is wholly owned by BGHL.

In order to value its investment in Campastros, BGHL values the Rasa shares at their fair market value and calculates the net assets of Campastros based on the Rasa shares fair market value.

Rasa fair market value

The management of Rasa values the net assets of the company using a documented valuation procedure. The key significant unobservable input used in this process is land values in Mexico sourced from independent professional advisers, Cushman & Wakefield. These “area based” land values are applied without adjustment to individual properties, the existence and ownership of which is also independently verified by law firm Baker & Mackenzie. The management of Rasa performs an annual valuation each 31 December. In addition, on an annual basis Rasa commissions PricewaterhouseCoopers to undertake an agreed upon procedure to verify the consistency and accurate application of various aspects of the agreed valuation methodology.

In June 2020, Rasa’s life term was extended until January 2027. The Investment Manager has received a strong indication that Rasa will not realise its remaining assets until 2030 at the earliest. BGHL’s exit, if it wishes to exit before the expected term, is likely to be on the secondary market and at a material discount to the net asset value.

The life extension is one of the drivers of the Investment Manager’s application of a significant discount to carrying value, and motivator for looking to the secondary market for an exit.

In July 2020, Rasa made a tender offer for a fixed price per share of US\$0.12270. 11.71% of the Shareholders brought their shares to the offer. Given the significance of the transaction and Rasa’s long-term horizon, the Investment Manager’s valuation committee has decided to use the tender price to assess the fair value of Rasa. It implies a significant discount to Rasa’s NAV per share calculated by PWC.

Rasa	NAV per share \$ as of 31 Dec 2022(*)	BGHL Valuation	Discount %
Price	0.53355	0.1227	(77.00)%

(*) The NAV per share is shown based on a total number of shares outstanding equal 188,987,653, ignoring the recent and temporary reverse stock split by Rasa.”

In 2022, no material information or event has required a change to the decision and the Rasa shares continue to be valued at the tender price.

As of 31 December 2022, a 25% increase or decrease in the NAV after the applied discount rate would result in an increase/decrease of profits of €289,266 (31 December 2021: €271,473).

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

3.2 Level 2 investments

The significant majority of BGHL's gross assets are invested in the Master Fund. Notwithstanding the significance of BGHL as a material investor in the Umbrella Fund, BGHL does not enjoy any special or particular rights in relation to the management of the Master Fund because of the voting rights attached to its investment. Specifically, it receives no information from the Umbrella Fund that is not communicated simultaneously to other investors, has no right to appoint a director or attend board meetings, and has no influence on investment and operational decisions. Therefore, BGHL has no control over the Umbrella Fund nor, in the opinion of the Directors, could it exercise significant influence as described in IAS 28.

BGHL's investment in BGF is classified as Level 2 in the fair value hierarchy because the only inputs to valuation are the number of shares and the quoted observable market price of those shares. The quoted price is published on the Irish Stock Exchange. BGHL classifies the interest in BGF as Level 2 because there is not a continuous active market in BGF's shares. The market is active only once a month when investors can transact in BGF shares at the published price which is calculated by the administrator of BGF based on its NAV.

The underlying investments of BGF, which are principally held by the Master Fund, are predominantly classified as Level 1 and Level 2 in the fair value hierarchy.

The proportion of Level 3 direct and indirect investments of the Master Fund is disclosed in the tables below including the proportion of the investments which are fair valued by the Investment Manager using a variety of techniques including discounted cash flows and public/private company comparables. Indirect investments refer to the proportion of Level 3 investments of BG Select Investments (Ireland) Limited, a subsidiary fully owned by the Master Fund.

Master Fund % AUM (*)	31 Dec 2022	31 Dec 2021	Variation %
Level 3	2.65%	2.93%	(0.28)%
of which Investment Manager's Valuation	0.49%	0.42%	0.07%

Source: Administrator, SS&C Financial Services LLC

BG Select Investments %AUM of Master fund (*)	31 Dec 2022	31 Dec 2021	Variation %
Level 3	8.24%	9.72%	(1.48)%
of which Investment Manager's Valuation	0.00%	1.84%	(1.84)%

Source: Administrator, SS&C Financial Services LLC

Total exposure in % AUM (*)	31 Dec 2022	31 Dec 2021	Variation %
Level 3	10.89%	12.65%	(1.76)%
of which Investment Manager's Valuation	0.49%	2.26%	(1.77)%

Source: Administrator, SS&C Financial Services LLC

(*) Profit & Loss of the FX to hedge investors is included in the AUM of the Master Fund.

Instruments held by the Master Fund are valued in the risk management system which is fed by real time market data in order to price the portfolio. Some instruments such as, but not limited to, derivatives are priced by using in-house developed models.

The system calculates profits and losses as well as net asset values. Inputs are used in applying the various valuation techniques and broadly based on the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, spot and volatility prices, interest rate, credit and foreign exchange levels, default probabilities, liquidity factors as well as other data.

BGHL does not have access to the detail of the underlying valuations nor to the sensitivities and strategies of the Umbrella Fund, BGF and the Master Fund other than as explained in the Investment Manager's Report. BGHL does not have the ability nor the responsibility to direct or to implement the Master Fund's investment objective and policy. As a consequence, BGHL does not consider that it is appropriate to seek to disclose in the Notes of the Financial Statements all quantitative information relating to the underlying investments held by the Master Fund in its Financial Statements. General information about the Master Fund's exposure can be found in the Investment Manager's Report.

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

Umbrella Fund

BGHL's holding of voting shares in the Umbrella Fund is disclosed in the table below:

BGHL's holdings	31 Dec 2022	31 Dec 2021
Voting shares - Umbrella Fund	15.40%	14.20%

The investment in the Umbrella Fund is measured at fair value through profit or loss.

Investment by BGHL into BGF in €	31 Dec 2022	31 Dec 2021
Subscriptions	-	-
Redemptions	(20,500,002)	(40,300,001)
Change in holding	(20,500,002)	(40,300,001)

As at 31 December 2022 and 31 December 2021 there were no capital commitment obligations and no amounts due to BGF for unsettled purchases.

4. Financial instruments and associated risks

BGHL's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in BGHL's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to BGHL's continuing profitability. BGHL is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

Risk management structure

The Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management of BGHL.

Risk measurement and reporting system

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy including the risk that BGHL is willing to accept and the market environment of BGHL. In addition, BGHL monitors and measures the overall risk in relation to the aggregate risk exposure across all risk types and activities.

BGHL is substantially invested in the Master Fund, which represents over time between 80% and 110% of its Net Asset Value. Prima facie, this creates a concentration risk. This concentration risk is addressed by the fact that the Master Fund has wide discretion to invest across different asset classes and to pursue different strategies, and therefore has the benefit of diversification inherently embedded within it. However, the considerable discretion to allocate assets within the Master Fund is of itself a risk since it is theoretically possible for that vehicle to take highly concentrated positions. This risk is managed by the scenario analysis that is performed as part of the stress testing processes. These tests are intended to identify concentration risk which may exist within the Master Fund. The tests are described in the Directors' Report.

BGHL has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Master Fund's maximum level of leverage in accordance with the gross and commitment methods as required under AIFMD is expressed as a percentage of NAV, are 700% under the commitment method and 2,000% under the gross method.

Further commentary on risks and the management of risk is contained within the Investment Manager's report.

(a) Market Risk

BGHL is exposed to market risk directly from the investments it makes and indirectly as a result of the types of investments that the Master Fund makes. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market variables.

Market risk consists of equity price risk, foreign currency risk and interest rate risk and is discussed in the below sections.

Price risk

Price risk is the risk of changes in the fair values of equities or equity-linked financial instruments as the result of changes in the levels of equity indices and the value of individual shares. Price risk exposure arises from BGHL's investments in equity securities. BGHL takes significant equity price risk from the investments it makes. At 31 December 2022, should the price of BGF and investments other than BGF have increased/decreased by 10% with

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

all other variables remaining constant, the effect on profit and loss for the Year and on net assets would result in an increase/decrease of approximately €34,385,754 (2021: €37,643,585).

The above impact includes BGHL's indirect exposure to the Master Fund's price risk.

Interest rate risk

BGHL is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its Statement of Financial Position and Statement of Cash Flows. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. Volatility in interest rates could make it more difficult or expensive for BGHL to obtain debt financing and could negatively cause the prices of long or short positions to move in directions not initially anticipated and could decrease the returns that BGHL's investments generate.

BGHL has no significant exposure to short term interest rate risk in the current or prior year. BGHL is also indirectly exposed to interest rate risk through its exposure in the Master Fund.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency hedge of the Sterling Shares

BGHL uses forward foreign exchange contracts with maturities of less than three months to hedge the sterling share class exposure in order to provide Sterling shareholders with the Sterling equivalent of the Euro performance.

Portfolio currency hedge

BGHL's investments in currencies other than the Euro are hedged by the Investment Manager using forward currency contracts which are commitments either to purchase or sell a designated currency at a specified future date for a specific price and may settle in cash or another financial asset. Forward currency contracts are individually traded over-the-counter contracts which result in credit exposure to the counterparty. Forward currency contracts result in exposure to market risk based on changes in market prices relative to contracted amounts. Market risks arise due to the possible movement in foreign currency exchange rates. BGHL uses forward foreign exchange contracts with maturities up to three months to hedge its private equity investments which are denominated in foreign currencies.

Notional amounts are the underlying reference amounts to foreign currencies upon which the fair value of the forward contracts held by BGHL are based. While notional amounts do not represent the current fair value and are not necessarily indicative of the future cash flows of BGHL's forward contracts, the underlying price changes in relation to the variables specified by the notional amounts affect the fair value of these derivative financial instruments.

Forward foreign exchange contracts settle on a net basis and the net amount at 31 December 2022 was €26,155 payable (2021: €29,751 receivable). The table below summarises BGHL's exposure to foreign currency risks:

Portfolio Currency Exposure - Amounts in €	31 December 2022		31 December 2021	
	GBP	USD	GBP	USD
Investments at fair value through profit or loss	-	1,159,456*	-	1,085,893
Due from brokers	22,044	17,751	15,012	16,481
Foreign exchange forward derivatives contracts	3,457,564	(1,244,382)	3,942,196	(1,173,001)
Net FX exposure of the portfolio	3,479,608	(67,175)	3,957,208	(70,627)
Net assets effect -5% change in currency	(173,980)	3,359	(197,860)	3,531
Sterling Share Currency Exposure - Amounts in €	31 December 2022		31 December 2021	
	GBP	USD	GBP	USD
Foreign exchange forward derivatives contracts – hedge	3,457,564	-	3,942,196	-
Value of sterling shares	(3,477,009)	-	(3,925,786)	-
Net FX exposure	(19,445)	-	16,410	-
Sterling Share Net Assets effect -5% change in currency	972	-	(820)	-

*Campastros is a holding company established in Spain for the purpose of investing in RLI and is wholly owned by BGHL. Rasaland shares, which are exposed to USD, are the only asset of Campastros. Consequently, even though Campastros is a Spanish entity reporting in EUR, BGHL is exposed to the USD via its underlying investment in RLI.

Boussard & Gavaudan Holding Limited
Notes to the Financial Statements
For the year ended 31 December 2022

At 31 December 2022, BGHL had contracted to buy and sell the foreign exchange amounts:

Purchase Currency	Unit	Sale Currency	Unit	Settlement Date	Unrealised gain/(loss) (€)
EUR	1,342,645	USD	(1,334,200)	3 February 2023	95,015
GBP	3,070,000	EUR	(3,581,052)	5 January 2023	(121,170)
Total					(26,155)

At 31 December 2021, BGHL had contracted to buy and sell the foreign exchange amounts:

Purchase Currency	Unit	Sale Currency	Unit	Settlement Date	Unrealised gain/(loss) (€)
EUR	1,148,402	USD	(1,334,200)	3 February 2022	(24,140)
GBP	3,310,000	EUR	(3,888,290)	6 January 2022	53,891
Total					29,751

BGHL is also indirectly exposed to foreign exchange risk through its exposure in the Master Fund.

(b) Liquidity risk

Liquidity risk is the risk that BGHL will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments.

The Investment Manager of the Master Fund monitors the liquidity adequacy between assets and liabilities on an ongoing basis. As part of this monitoring, attention is paid to the liquidity and the maturity of the assets in the portfolio.

BGHL's financial commitments are represented from time to time by:

- interest, fees and other expenses payable
- amounts payable for the share buy-backs
- amounts due under forward foreign exchange contracts

BGHL manages its liquidity risk by combining the unencumbered cash held for working capital purposes and the redemptions in BGF. BGHL invests into BGF by subscribing for redeemable participating shares. BGHL may redeem its shares in BGF on a monthly basis with 60 days' notice and does not have any special or preferential rights in BGF.

The Investment Manager of the Master Fund monitors the liquidity adequacy between assets and liabilities on an ongoing basis. As part of this monitoring, attention is paid to the liquidity and the maturity of the assets in the portfolio.

Compared to last year end, there were no material changes in the contractual undiscounted cash outflows for financial liabilities.

All financial liabilities of BGHL at 31 December 2022 are shown on an undiscounted basis in the following maturity table.

In EURO	31 December 2022			
	< 1 month	1 to 3 months	4 months to 1 year	> 1 year
Foreign exchange forwards	(121,170)	-	-	-
Due to brokers	(1,667)	-	-	-
Performance fees Payable	-	-	-	-
Management fee payable	-	(1,304,193)	-	-
Other payables	(186,995)	-	-	-
Total financial liabilities	(309,832)	(1,304,193)	-	-
In EURO	31 December 2021			
	< 1 month	1 to 3 months	4 months to 1 year	> 1 year
Foreign exchange forwards	(24,140)	-	-	-
Due to brokers	(229)	-	-	-
Performance fees Payable	-	(10,391,558)	-	-
Management fee payable	-	(1,373,118)	-	-
Other payables	(106,400)	-	-	-
Total financial liabilities	(130,769)	(11,764,676)	-	-

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

(c) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with BGHL.

BGHL's credit risk is assessed as low since its exposure to brokers/dealers is with reputable broker/dealers, all securities transactions of BGHL are cleared by major securities firms pursuant to customer agreements, BGHL's appointed custodian is a large financial institution having investment grade ratings from the major rating agencies and all of BGHL's exposures to counterparties are with reputable financial institutions.

While cash and cash equivalents and balances due from brokers are also subject to the impairment requirements of IFRS 9, there has been no expected credit loss ("ECL") recognised. Investments held at fair value through profit or loss are not subject to IFRS 9 impairment requirements.

For receivables the Company uses a 12 month expected loss allowance. The Company has completed some high-level analysis and compiled forward looking qualitative and quantitative information, to determine if the receivables are low credit risk. Based on this analysis the ECL on receivables is not material and therefore no impairment adjustments were accounted for.

Amounts appearing in the Statement of Financial Position as due from and due to brokers, which contribute to credit risk are detailed by their main categories as shown in the following table:

31 December 2022	Gross amount € Due from Brokers	Gross amount € Due to Brokers	Net amount due €
Unsettled trades	-	(1,667)	(1,667)
Cash held with custodians	2,608,375	-	2,608,375
Cash collateral	300,000	-	300,000
Gain/(loss) on forward contracts	95,015	(121,170)	(26,155)
Total €	3,003,390	(122,837)	2,880,553
31 December 2021	Gross amount € Due from Brokers	Gross amount € Due to Brokers	Net amount due €
Unsettled trades	-	(229)	(229)
Cash held with custodians	497,157	-	497,157
Cash Collateral	540,000	-	540,000
Gain/(loss) on forward contracts	53,891	(24,140)	29,751
Total €	1,091,048	(24,369)	1,066,679

Unsettled trades

BGHL is exposed to the credit risk of the counterparties, brokers, dealers and exchanges with which it deals, whether BGHL engages in exchange-traded or off-exchange transactions. BGHL's principal trading activities are primarily with brokers and other financial institutions located in Europe. At the end of the Year, substantially all the investments in securities owned and securities sold not yet purchased, due from brokers and due to brokers, are positions with and amounts due to or from these brokers. BGHL may be subject to the risk of loss of assets placed on deposit with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions, or the bankruptcy of an exchange clearing house. BGHL's exposure to brokers/dealers is with reputable brokers/dealers.

Amounts receivable or payable for securities transactions that have not settled at the Year end are reflected under the line unsettled trades. The nominal amount is the maximum exposure. Most of the transactions settle on a delivery versus payment basis. The risk on unsettled trades is the difference between the contractual price and the replacement price of the transaction if the counterparty were to default. Dividends receivable from brokers are at risk for their full nominal amount. All securities transactions of BGHL are cleared by major securities firms pursuant to customer agreements.

Cash held with custodians

BNP Paribas Securities Services SA ("BPSS") was appointed by BGHL to act as custodian, and is responsible for the safe custody of those assets held by BGHL through BPSS. BPSS is a wholly-owned subsidiary of BNP Paribas SA. The custodian is entitled to receive a fee from BGHL based on an agreed percentage per annum of the assets held in custody. BPSS is a large financial institution having investment grade ratings from the major rating agencies.

Off balance sheet risk in relation to over-the-counter derivatives

Participants of over-the-counter markets are not subject to credit valuation and regulatory oversight in the way that members of "exchange-based" markets are. BGHL may invest in over-the-counter transactions in these markets and may take a credit risk with regard to parties with which it trades and may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions described above.

Transactions entered into directly between two counterparties generally do not benefit from these protections, which in turn may subject BGHL to the risk that a counterparty does not settle a transaction in accordance with agreed

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem. Counterparty risk is increased for contracts with longer maturities when events may intervene to prevent settlement. The ability of BGHL to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase the potential for losses to BGHL. BGHL's exposure to counterparty risk associated with counterparty non-performance on over-the-counter derivatives is generally limited to the fair value of over-the-counter contracts reported as assets which are not covered by an equivalent collateral amount and to the independent amounts requested by counterparties to cover the risk of a derivative contract. Counterparty risk exposure is monitored daily. The risk management system gives real time marked to market position, collateral and risk exposure. All of BGHL's exposures to counterparties are with reputable financial institutions which are at least single A investment grade rated from the major rating agencies.

There are no assets and liabilities held at Year end, other than FX forwards which are subject to offsetting. The rights of set off under the master netting agreements with respect to BGHL's recognized financial assets and recognized financial liabilities included in the below table under the heading 'Gross amounts not offset in the Statement of Financial Position' are as below:

- If on any date identical amounts are payable by each party to the other in the same currency and in respect of the same transaction then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged. However, if the aggregate amount payable by one party exceeds the payable by the other, then the party liable to larger amount will pay the excess amount to other party.

- In respect of two or more transactions, the parties may elect that a net amount will be determined in respect of all amounts payable on the same date and in the same currency. This election may be made separately for different groups of transactions, usually except for FX transactions and currency options.

- In case of early termination (such as in the case of default), the amounts payable will be subject to set off. The net amount payable or receivable will be the sum of the settlement amount in respect of the terminated transactions and the termination currency equivalent of the unpaid amounts payable to the other party less the termination currency equivalent of the unpaid amounts receivable from the other party.

The following table provides disclosure regarding the potential effect of offsetting of recognized assets and liabilities presented in the statement of financial position:

Description	31 December 2022	
	Derivatives Assets €	Derivatives Liabilities €
Gross Amounts of Recognized Assets	95,015	(121,170)
Gross Amounts Offset in the SFP*	-	-
Net Amounts of Assets presented in the SFP	95,015	(121,170)
Gross Amounts Not Offset in the SFP: Financial Instruments	(95,015)	95,015
Gross Amounts Not Offset in the SFP: Cash Collateral Received/Posted	-	-
Net Amount €	-	(26,155)

Description	31 December 2021	
	Derivatives Assets €	Derivatives Liabilities €
Gross Amounts of Recognized Assets	53,891	(24,140)
Gross Amounts Offset in the SFP*	-	-
Net Amounts of Assets presented in the SFP	53,891	(24,140)
Gross Amounts Not Offset in the SFP: Financial Instruments	(24,140)	24,140
Gross Amounts Not Offset in the SFP: Cash Collateral Received/Posted	-	-
Net Amount €	29,751	-

*SFP: Statement of Financial Position

BGHL is also indirectly exposed to credit risk through its exposure to the Master Fund.

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

5. Capital management

BGHL is not subject to any externally imposed capital requirements. When managing the capital of BGHL as detailed below, the Investment Manager seeks to provide consistent absolute returns in accordance with BGHL's investment objectives and policies, for example those related to gearing.

BGHL operated a share buy-back programme designed to reduce its capital, which has had the favourable effect of increasing the NAV per Share since the Shares were repurchased at a discount to their NAV. Transactions under the programme are disclosed in Note 10.

6. Related Party transactions

The relationship between BGHL and the Investment Manager and the fees earned are disclosed in Note 8.

The Chairman is currently entitled to an annual fee of €45,000 (2021: €45,000) and each other Director to an annual fee of €30,000 (2021: €30,000). The Chair of the Audit Committee is entitled to receive an additional fee of €7,500 (2021: €7,500) per annum.

As of 31 December 2022, Directors Sylvie Sauton and Erich Bonnet held 6,177 and 2,312 Euro shares in BGHL respectively (31 December 2021: 6,177 and nil).

The issued share capital of BGHL is owned by numerous parties and therefore in the opinion of the Directors, there is no ultimate and immediate controlling party.

7. Administration fees

JTC Fund Solutions (Guernsey) Limited, the Administrator, is entitled to an annual fee. In addition, the Administrator outsources the accounting to SS&C Financial Services LLC for an annual service fee payable monthly. The administration expenses paid during the Year were €187,109 (31 December 2021: €153,968) and the administration expenses payable at the end of the Year were €32,075 (31 December 2021: €33,394). From 1 January 2022, the amount of fees for administration services increased, with the fee payable to JTC Fund Solutions (Guernsey) Limited subject to a minimum of £98,400 (2021: £94,250) per annum.

8. Management fees and Performance fees

Under the Investment Management Agreement, the Investment Manager has been given responsibility for the day-to-day discretionary management of BGHL's assets in accordance with BGHL's investment objective and policy, subject to the overall supervision of the Directors. The Investment Management Agreement can be terminated by either party giving to the other not less than twelve months' notice in writing, except in certain circumstances where, *inter alia*, the Investment Manager ceases to have all necessary regulatory permissions, becomes insolvent or is in material breach of the Investment Management Agreement or if there cease to be any assets held in or standing to the credit of the Company's portfolio, in which case the Investment Management Agreement may be terminated forthwith. If the Investment Management Agreement is terminated before 31 December in any period, the performance fee in respect of the then current calculation period is calculated and paid as though the date of termination were the end of the relevant calculation period. Save for the exceptions specified above, the Investment Management Agreement may not be terminated without the prior sanction of shareholders in general meeting by means of an extraordinary resolution, which requires at least three quarters of the votes cast at the general meeting to be cast in favour of the proposed resolution to authorise such termination.

The Investment Manager receives a management fee, accrued monthly and payable quarterly, calculated at the annual rate of 1.5 percent of the NAV.

The Investment Manager is also entitled to receive a performance fee. The performance fee is calculated in respect of each calculation period. The performance fee is deemed to accrue on a monthly basis as at each valuation day and is paid annually. For each calculation period, the performance fee is equal to 20 percent of the appreciation in the NAV per share during that calculation period above the previous high NAV per Share of the relevant class (the "Base NAV per Share"). The Base NAV per Share is the highest NAV per Share achieved as at the end of any previous calculation period (if any).

For the Year the Management fees and the Performance fees were as follows:

	31 December 2022		31 December 2021	
	Expense during the year €	Payable at the end of the year €	Expense during the year €	Payable at the end of the year €
Management Fees	5,292,361	1,304,193	5,342,007	1,373,118
Performance Fees	-	-	10,391,558	10,391,558

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

9. Expense Ratio

Expense ratios are as below. Performance fees are not taken into account in the expense ratio.

Year ended	AUM € year Average	Management Fees	Administration & Depositary Fees	Other Fees	Expense Ratio
31 December 2022	351,121,664	1.50%	0.05%	0.22%	1.77%
31 December 2021	352,733,212	1.51%	0.04%	0.15%	1.71%

The annual expense ratio has increased by 6 basis points. The increase is driven by professional fees paid for external advice, increased auditors fees and by a general increase in expenses due to the impact of inflation.

10. Share Capital and Treasury Shares

Authorised share Capital

The authorised share capital of BGHL is €1,010,000 divided into 5,100,000,000 ordinary shares of €0.0001 each and 5,000,000,000 C Shares of €0.0001 each. During the Year there were no class C shares in issue.

Allotted, issued and fully paid

The share capital detail as of 31 December 2022 is as follows:

Class A Shares	Euro Shares				Sterling Shares
	Issued and fully paid	Treasury Shares	Outstanding Shares	% Treasury Shares (*)	Issued and fully paid
At 1 January 2021	13,779,703	(286,434)	13,493,269	2.08%	294,494
Repurchase of own shares(*)		(1,273,500)	(1,273,500)	-	-
Shares cancelled	(1,559,934)	1,559,934	-	-	-
Share conversions	167,292	-	167,292	-	(164,240)
At 31 December 2021	12,387,061	-	12,387,061	0.00%	130,254
Repurchase of own shares(*)	-	(83,611)	(83,611)	-	-
Shares cancelled	(83,611)	83,611	-	-	-
Share conversions	4,019	-	4,019	-	(3,960)
At 31 December 2022	12,307,469	-	12,307,469	0.00%	126,294

(*) Under the Companies Law and the listing rules of EuroNext Amsterdam and the UK Listing Authority, BGHL is only allowed to acquire its own shares with the prior approval of its members in general meeting and that authority is limited to a maximum of 14.99% of its issued share capital on the date that the members' resolution is passed. Authority to repurchase. All shares held in treasury are cancelled after each month end and BGHL seeks renewal of its authority to repurchase its own shares at each annual general meeting.

Voting

The shareholders are entitled to receive notice of and to attend and vote at general meetings of BGHL and each holder of shares being present in person or by proxy or corporate representative at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by corporate representative shall have one vote in respect of each share held by him or her. Voting on all resolutions proposed at general meetings of BGHL is always taken on a poll.

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in BGHL may be issued with such preferred, deferred or other special rights or restrictions whether as to dividend, voting, return of capital or otherwise as BGHL at any time by ordinary resolution may determine and subject to and in default of such determination as the Board may determine. Subject to the provisions of the Companies Law, the terms and rights attaching to any class of shares, the Articles and any guidelines established from time to time by the Directors, BGHL may from time to time, purchase or enter into a contract, under which it will or may purchase any of its own shares.

If at any time the share capital is divided into further classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue) may whether or not BGHL is being wound up, be varied with the consent in writing of the holders of three quarters of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class. On a winding-up, the shareholders are entitled to the surplus assets remaining after payment of all of the creditors of BGHL.

Boussard & Gavaudan Holding Limited

Notes to the Financial Statements

For the year ended 31 December 2022

11. Segmental information

For management purposes, BGHL is engaged in one main operating segment, which is investment in financial instruments. All of BGHL's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of BGHL as one segment. The financial results from this segment are equivalent to the Financial Statements of BGHL as a whole.

The following table analyses BGHL's total (loss)/income per geographical location. The basis for attributing the total (loss)/income is the place of incorporation of the instrument's counterparty.

In EURO	31 December 2022	31 December 2021
Ireland	(12,151,873)	51,048,587
United Kingdom	(240,741)	382,419
Rest of the world	73,115	90,734
Total	(12,319,499)	51,521,740

The following table analyses BGHL's operating income per investment type.

In EURO	31 December 2022	31 December 2021
Equity securities	(12,081,311)	51,125,222
Derivative financial instruments	(248,864)	389,083
Foreign exchange gains on financial instruments not at fair value through profit or loss	10,676	7,435
Total	(12,319,499)	51,521,740

12. Net realised and change in unrealised gain and loss on financial assets and liabilities:

Realised gain/(loss) on financial assets and liabilities at fair value through profit or loss €	31 December 2022	31 December 2021
Realised gain		
Equity securities	9,279,485	21,675,612
Derivatives – foreign exchange forwards	-	556,527
Realised loss		
Derivatives – foreign exchange forwards	(192,958)	-
Net realised gain on financial assets and liabilities at fair value through profit or loss	9,086,527	22,232,139

Change in unrealised gain/(loss) or loss on financial assets and liabilities at fair value through profit or loss €	31 December 2022	31 December 2021
Change in unrealised gain		
Equity securities	3,018,126	29,449,610
Change in unrealised loss		
Equity securities	(24,378,922)	-
Derivatives – foreign exchange forwards	(55,906)	(167,444)
Net change in unrealised (loss)/gain	(21,416,702)	29,282,166

13. Taxation

BGHL has been granted exemption under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 from Guernsey Income Tax, and is charged the annual fee of £1,200 (2021: £1,200). As a result, no provision for income tax has been made in the Financial Statements.

BGHL invests in foreign countries which may levy withholding tax at source on revenues derived by non-residents. Where such tax is withheld at source by the broker or another party BGHL records the revenue on a gross basis in Statement of Comprehensive Income (the revenue is grossed up and offset against an expense representing the tax withheld at source).

14. Due from brokers and due to brokers

Amounts due from brokers includes €300,000, (2021: €540,000) of cash pledged as collateral on forward foreign exchange contracts. Amounts due to brokers includes €1,667 (2021: €229) of cash received as collateral on forward foreign exchange contracts under financial liabilities.

Boussard & Gavaudan Holding Limited
Notes to the Financial Statements
For the year ended 31 December 2022

15. Changes in liabilities arising from financing activities

	Foreign exchange forward derivatives contracts
Balance at 1 January 2022	(24,140)
Cash flows	(192,958)
Changes in fair value	95,928
Balance at 31 December 2022	(121,170)

	Foreign exchange forward derivatives contracts
Balance at 1 January 2021	-
Cash flows	556,527
Changes in fair value	(580,667)
Balance at 31 December 2021	(24,140)

The 'Changes in fair value' rows above include unrealised gain/(loss) on foreign exchange forward derivatives contracts under financial liabilities.

16. Post balance sheet events

There have been no events that have occurred subsequent to the balance sheet date which require disclosure in the financial statements.

17. Approval of Financial Statements

The Financial Statements were approved and authorised for issue by the Board on 25 April 2023, at which date these Financial Statements were considered final.