ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

Boussard & Gavaudan Holding Limited

For the year ended 31 December 2015

Contents

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For the latest information: www.bgholdingltd.com/index.php

Detailed below are the legal entities underlying funds and management companies, and their acronyms or defined terms used within this report, as well as some other commonly used terms.

Management companies

Investment Manager	Boussard & Gavaudan Investment Management LLP
BGAM	Boussard & Gavaudan Asset Management, LP
BGPL	Boussard & Gavaudan Partners Limited

Funds

BGHL	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 plc

Commonly used terms

AIFMD	The Alternative Investment Fund Managers Directive, Directive 2011/61/EU
AIFM	Alternative Investment Fund Manager for the purposes of the AIFMD
AIF	Alternative Investment Fund for the purposes of the AIFMD
AIFMD Regulations	The Alternative Investment Fund Managers Regulations 2013 made by H.M. Treasury in the United Kingdom
Board	The Board of directors
Code	The UK Corporate Governance Code published by the UK's Financial Reporting Council
Companies Law	The Companies (Guernsey) Law, 2008, as amended
Exane	Exane BNP Paribas
NAV	Net asset value
Year	The year ended 31 December 2015
IFRS	International Financial Reporting Standards (as adopted by the European Union)
AFM	Authority for the Financial Markets
Financial Statements	Financials Statements for the year ended 31 December 2015

Dear Shareholders,

I am pleased to present to you the Annual Report and Audited Financial Statements of BGHL for the year ended 31 December 2015.

From 1 January to 31 December 2015, BGHL's NAVs for the Euro and Sterling shares increased by 15.65% and 14.08% respectively, whilst the market price improved by 13.3% and 10.3% respectively.

The determinants of share price are the NAV, reflecting the performance of BGF and the underlying Master Fund, and the degree of discount or premium to NAV at which BGHL's shares trade, which in turn is driven by supply and demand in the market place, the liquidity of the underlying shares and general market sentiment.

We continue to monitor closely the discounts to their NAVs at which both classes of shares trade. Every reasonable and cost-effective endeavour will continue to be made to narrow the discounts to their NAVs at which BGHL's shares trade and to increase the liquidity of the shares. The share buy-back programme is central to this effort, as is the controlled reduction in the weighting of unquoted shares in the portfolio.

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.

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 once again for your continued support.

Christopher Fish
Chairman

22 April 2016

1. Background

Boussard & Gavaudan Investment Management LLP is the investment manager of BGHL.

1.1 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 any 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.

Over time, a proportion of the net assets of BGHL may, at the discretion of the Investment Manager, be invested in other hedge funds and/or other financial assets within the limits set out under the heading "Asset Allocation" below and subject to the limit on the leverage set out under the heading "Gearing" below, provided that, where such hedge funds are managed by the Investment Manager, BGHL will invest through a share class which will not be subject to management or performance fees at the level of the underlying hedge fund.

The Investment Manager may use BGHL's borrowing facilities at its discretion within the limits set out under the heading "Asset Allocation" below. The Investment Manager's ability to use borrowings is subject to the limit on leverage set out under the heading "Gearing" below. Such investments may include the acquisition of minority or majority interests in unlisted companies or listed companies ("Direct Investments"). The Investment Manager may also make private equity investments through investing in funds that have a private equity investment focus ("Indirect Private Equity Investments").

With the possible application of leverage and 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 its target annualised return. BGHL's investments in assets other than BGF are expected to consist of investment opportunities that are identified by the Investment Manager in connection with its, and its affiliates, current activities but which are not pursued by BGF due to risk profiles or liquidity profiles inconsistent with those of BGF.

Gearing

BGHL intends to make use of its borrowing facilities to allow it to have a gross investment exposure of up to 200 percent of its NAV at the time of investment. BGHL has power under its Articles of Incorporation to borrow up to an amount equal to 100 percent of its NAV as at the time of borrowing.

It is intended that leverage will be used by BGHL for the purposes of (i) managing day to day cash flow, i.e. for meeting expenses of BGHL and for funding repurchases of its own shares and (ii) leveraging investments made by BGHL, including its investment in BGF or in other hedge funds managed by the Investment Manager (hereafter, "Manager Funds"), provided that BGHL complies with the exposure limitations set out under the heading "Asset Allocation" below.

Asset Allocation

Investments in Manager Funds
Substantially all of the net assets of BGHL are currently invested in BGF and it is anticipated that a significant proportion of BGHL's net assets will remain invested in BGF. Over time, no less than 80 percent of the NAV and no more than 110 percent of the NAV will be invested in Manager Funds, with at least 80 per cent of the NAV invested in BGF.

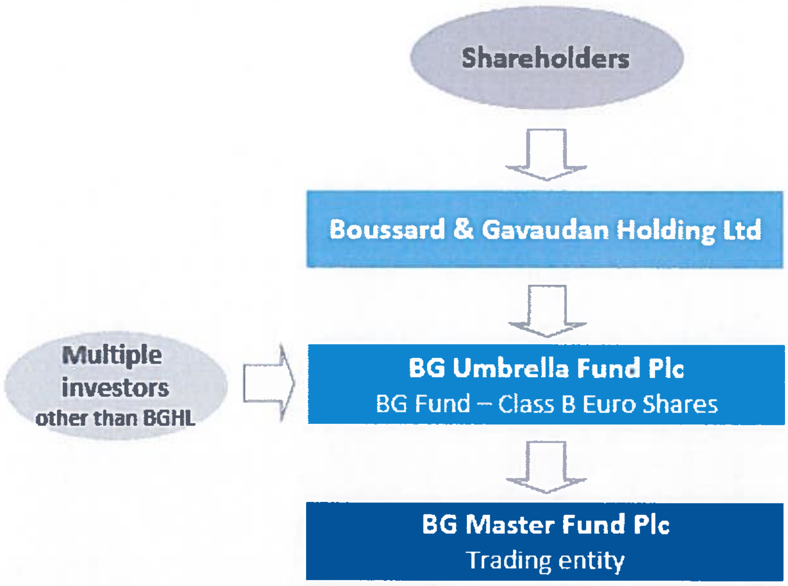
Investments in assets other than Manager Funds
In relation to those investments in assets other than Manager Funds, the directors have determined that such investments shall not exceed certain limits:

- Other Hedge fund investments. The directors have determined that BGHL's investments in hedge funds (other than Manager Funds) when aggregated may not exceed an amount equal to 25 percent of its NAV at the time of making any such investment.
- Indirect Private Equity Investments. The aggregate value of Indirect Private Equity Investments may not exceed an amount equal to 25 percent of BGHL's NAV at the time of making any such investment. In addition, BGHL will not make any single Private Equity Investment representing in excess of an amount equal to 10 percent of its NAV as at the time that investment is made. Private Equity Investments made in linked transactions will be aggregated for the purposes of this calculation.
- Other Investments (Direct Investments). The aggregate value of Direct Investments may not exceed an amount equal to 50 percent of BGHL's NAV at the time of making any such investment.

1.2. BGF's structure

BGF is BGHL's main investment. The Investment Manager is the investment manager of BGF and the Master Fund.

The Umbrella Fund, BGF and the Master Fund structure.



BGHL invests in Class B Euro shares which is a separate Euro-denominated share class of BGF. BGF is a sub fund of the Umbrella Fund predominantly owned by third party investors (i.e. 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. The Umbrella Fund is authorised by the Central Bank of Ireland 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 will maintain 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 will be segregated from one another and will be 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 exposed to the multiple strategies offered by the Master Fund.

The Master Fund is an open-ended designated investment company with variable capital incorporated under the laws of Ireland as a public company with limited liability on 1 October 2010 under the Companies Acts 1963 to 2013 with registration number 489713. The Master Fund has been authorised by the Central Bank as a designated investment company pursuant to Part XIII of the Companies Act, 1990. The Master Fund is authorised by the Central Bank of Ireland as a qualifying investor alternative investment fund (QIAIF).The Master Fund, which is the trading entity, will maintain a single pool of assets subject to any allocations made to a share class in accordance with the requirements of the Central Bank.

1.3. 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. Risks and responsibilities are split between the Quantitative Risk Management team which is in charge of market risk and the Qualitative Risk Management team which is in charge of counterparty and operational risk. A Risk Management Committee oversees the Risk Management unit.

Exposures are calculated from a risk management system which is third party proprietary software 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. The system provides sensitivities and calculates stress-tests scenarios.

The open architecture of the system allows the Investment Manager to create specific in-house reports for risk management purposes.

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

The Master Fund's Risk Management Policy

The Master Fund takes significant market risk exposure from the investments it makes. When assessing market risks the Investment Manager always combines:

- a macroeconomic, portfolio level with a microeconomic, position specific, approach
- quantitative measures with qualitative assessments
- a local risk measurement which captures the impact of limited market moves with stress scenario type measurements which captures large market moves

Macroeconomic risk

Macroeconomic risk is defined as those risks having a wide ranging effect on the entire portfolio or on a significant portion of it. It results from exogenous events such as economic changes, geopolitical uncertainty or general market disruptions.

Quantitative analysis

For limited market moves the Investment Manager assesses exposure by using Greek sensitivity factors ("Greeks") mainly linked to changes and movements in equity markets, credit instruments, interest rates and foreign exchange. Greeks (a recognised set of metrics used within the fund management industry) are used for real time portfolio hedging.

For extreme market variations, stress scenarios are run to measure the impact on the portfolio, of a wide variety of market situations. Scenarios, which stress all types of market data, are produced daily and can be generated on demand. The reports allow risks to be assessed from the portfolio level down into each strategy, sub-strategy, trade and finally individual instrument in order to identify the main contributors to potential losses. A "trade" generally means a combination of financial instruments which contribute to the same arbitrage opportunity. Scenarios are graduated from level 1 to 5 with level 5 scenarios bearing the largest shocks. Level 3 scenarios are tested against established tolerance limits and trigger adjustment of the portfolio when limits are breached.

Results are checked daily by the Investment Manager's front office and quantitative risk management teams. Given the non linear nature of the portfolio and the wide range of instruments and strategies used, stress scenarios calculations are considered by the Investment Manager to provide a better assessment of risk than value at risk calculations.

A wide range of reports are also produced to monitor exposures and concentrations of risk. "What-if scenarios" as well as other risk indicators (which aggregate all type of exposures in different ways) are scrutinised. A non aggregated vision, focusing on nominal and/or notional amounts, is also used to track excessive concentrations of risk.

Qualitative analysis

The qualitative assessment focuses on hard to measure risks such as potential changes in the liquidity of various underlying financial instruments. Small and mid caps, levered positions as well as speculative positions entailing a hedge fund liquidation risk are examples of positions exposed to liquidity changes. The qualitative approach sometimes requires exchange of information with market participants to get a better feel of the general situation.

Microeconomic risk

Microeconomic risk is defined as the risk applying to a *specific "trade" position* in the portfolio and one of its main components is the *idiosyncratic risk* which measures the risks applying to *one single issuer* to whom the Master Fund have exposure. Idiosyncratic risk is used to assess events such as bankruptcy, takeovers, bond offers, credit rating changes or any other credit event. Idiosyncratic risks are identified in the decision-making phases before the investments takes place and during the investment's life.

Quantitative analysis

For *limited market moves* the Investment Manager assesses exposure by using the Greeks by issuer.

For *extreme market variations*, *crash tests* by issuer are run. The scenario which aims at assessing the bankruptcy of an issuer aggregates all the positions of the Master Fund by issuer and then applies extreme shocks whose magnitude depends on each financial instrument type contributing to the trade and on their recovery rate which themselves depend on the seniority of instruments.

The Master Fund's portfolio has protection against extreme movements by trading equity options which provide positive convexity to the portfolio. Options will behave as insurance to the portfolio in particular through their Gamma sensitivity which provides protection in the case of a market crash.

Qualitative analysis

Qualitative analysis takes account of many events such as regulatory changes, changes in the management of a company but also liquidity risk. Liquidity risk is the risk that the Master Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It also reflects the ability of the Master Fund to unwind a specific trade in a reasonable timeframe. Liquidity has, by definition, an idiosyncratic component, but it also varies according to macroeconomic conditions.

The Master Fund is exposed to the risk of credit related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. This credit exposure exists within financing relationships, derivatives and other transactions. Concentrations of risk are managed by diversifying the credit sensitivity of the portfolio across sectors, countries and maturities.

Equity at risk methodology

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 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 Master Fund's portfolio it holds. Given that prime brokers are the main financing and leverage providers of the Master Fund, 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 100% and the equity at risk is the *Excess Margin*. The level of Excess Margin is the level of spare risk to increase positions or enter into additional ones without having to raise additional cash. An Excess Margin of 25%, which corresponds to a 75% level of Equity-at-Risk, means that the Master Fund can theoretically increase all of the positions in its portfolio by approximately 33% without having to raise further cash. The model provides an estimation of the Master Fund's potential for additional leverage across its prime brokers. Equity at Risk is a key indicator used by the Investment Manager to monitor the solvency of the Master Fund. Equity-at-risk calculations are run every night and compared to the prime broker's calculations. 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.

2. 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 as well as any amount borrowed.

BGHL (in Euro)	31 December 2015	31 December 2014	Variation %
Net assets	622,667,045	596,032,368	+4.5%

The increase in BGHL's net assets is explained by a positive performance net of share purchases during the year.

Performance

BGHL's Euro and Sterling Share prices and NAV per Share performed as follows:

		Price		Performance	
Performance	Ticker Bloomberg	31 December 2015	31 December 2014	2015	5 years annualised
BGHL - Euro share - Price	BGHL NA Equity	€16.08	€14.19	13.3%	7.6%
BGHL - Euro share - NAV	-	€20.65	€17.86	15.7%	8.4%
BGHL - Sterling share - Price	BGHS LN Equity	£13.60	£12.33	10.3%	5.6%
BGHL - Sterling share - NAV	-	£18.09	£15.86	14.1%	7.0%

HFRX Global Hedge Fund Index	HFRXGL Index	1,174.07	1,218.41	-3.6%	-0.7%
HFRX Equal Weighted Strategies Index	HFRXEW Index	1,172.79	1,191.14	-1.5%	0.0%

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

The Investment Manager's actions impact BGHL's performance and NAV per Share. Although the NAV per Share appreciation influences BGHL's Share price on the Amsterdam and London stock exchanges, the Investment Manager has no direct influence on the Share price and on the discount between the Share price and the NAV 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 and less the accretive effect of the Euro shares bought back as part of the share buy-back programme.

Allocations

BGHL's assets were allocated and performed as follows:

		Holding in % AUM		
	Contribution to 2015 performance	Exposure 31 December 2015	Exposure Minimum (Period)	Exposure Maximum (Period)
BGF – Euro B Class – NAV	15.0%	100.0%	100.0%	100.0%
BGF –Euro B Class – Leveraged	0.5%	4.5%	3.1%	4.5%
Other Investments	3.3%	10.7%	8.1%	10.7%
Share Buy Back	2.3%			
Fees, miscellaneous	-5.4%			
BGHL – Euro Share - NAV	**15.7%**	**115.2%**	**111.2%**	**115.2%**

Source: *Boussard & Gavaudan Investment Management LLP*
BGF Euro Class B's NAV is calculated by the Administrator, GlobeOp Financial Services LLC

Risks and risk adjusted returns

During the reporting year, BGHL complied with its Investment Policy and has maintained its gross and commitment exposure within the limits established by the Investment Manager. BGHL's investments are diversified thanks to its exposure to the investment strategies of the Master Fund and to a lesser extent its "other investments".

Risk AIFMD	Commitment method		Gross method	
% AUM	Exposure	Limit	Exposure	Limit
31 December 2015	113.8%	200.00%	115.3%	200.00%
31 December 2014	111.7%	200.00%	111.7%	200.00%

The leverage of BGHL is used to invest in BGF and finance the "other investments". Because the amount borrowed by BGHL exceeds the value of its "other investments", BGHL's exposure to BGF exceeds 100% of BGHL's net assets. Such additional exposure to the Master Fund contributed an extra performance of BGHL in 2015.

The Investment Manager is satisfied with the performance of BGHL.

3. Detailed performance, allocation and risk analysis:

3.1 Investments in Manager Funds: BGF

The main assets classes to which BGF is sensitive are the equity, credit and volatility asset classes.

As of 31 December 2015

Asset Class	Index	Ticker Bloomberg	BGF's beta versus Index (5 years)	Index volatility (5 years)
Equity	Stoxx 600	SXXP index	0.15	13.1%
Credit	FTSE Euro Corporate Bonds All Maturities	FECVCP index	0.42	3.3%

Asset Class	BGF's Vega
Volatility	7 basis point by volatility point

Source: Boussard & Gavaudan Investment Management LLP

A beta sensitivity of 0.10 versus an index means that if the index increases or decreases by 1%, BGF 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. The "FTSE Euro Corporate bond" 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 BGF with.

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 BGF. 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 BGF's sensitivity to volatility and believes there are no relevant indices to compare its volatility sensitivity against.

Given that interest rate risks are essentially hedged, BGF has low beta sensitivity versus the "Bloomberg/EFFAS" index which is a government bond market index.

Asset Class	Index	Ticker Bloomberg	BGF's beta versus Index (5 years)	Index volatility (5 years)
Interest rate	Bloomberg / EFFAS	EUGATR Index	0.22	4.5%

Source: Boussard & Gavaudan Investment Management LLP

The Master Fund

The investment objective of the Master Fund, in which BGF is 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 investors may not realise their initial investment on the disposal of their investments.

Risks and Capital allocation of the Master Fund
During the reporting year, the Master Fund complied with its Investment Policy and has maintained its gross and commitment exposure within the limits established by the Investment Manager. The Master Fund's investments are diversified thanks to its exposure to the investment strategies.

The Master Fund's maximum level of leverage in accordance with the gross and commitment methods as required under AIFMD has been increased in 2015. The revised and the previous limits, expressed as a percentage of NAV are shown in the table below. The rationale for the increase is explained in the AIFMD Report.

Risk AIFMD	Commitment method		Gross method	
% AUM	Exposure	Limit	Exposure	Limit
31 December 2015	335.2%	700.00%	478.6%	2000.00%
31 December 2014	236.7%	300.00%	596.7%	1000.00%

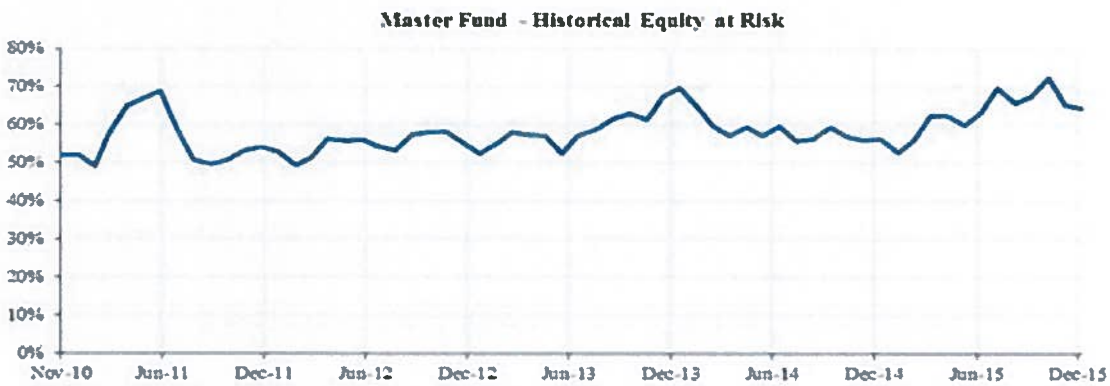
Source: Boussard & Gavaudan Investment Management LLP

The Investment Manager is very selective when deploying the equity at risk, a key risk indicator, and seeks to maintain a prudent excess margin level at any time. The Investment Manager secures the excess margin of the Master Fund by signing agreements which allow haircut levels to be frozen over a pre-agreed period of time.

Master Fund	31 December 2015	31 December 2014
Equity at risk	64.4%	56.4%
Excess margin	35.6%	43.6%
Total	100.0%	100.0%

Source: Boussard & Gavaudan Investment Management LLP

The graph below illustrates the evolution of the equity at risk of the Master Fund since November 2010.



Source: Boussard & Gavaudan Investment Management LLP

Performance of the Master Fund by strategy

The Master Fund carries the following strategies and sub-strategies:
Volatility strategies:

- mandatory convertible bond arbitrage ("mandatories")
- convertible bond arbitrage (including credit convertible bonds)
- gamma trading

Equity strategies:

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

Credit strategies:

- credit long / short
- capital structure arbitrage

Trading:

- short-term directional trading which is an ancillary strategy with limited allocation

The Master Fund's strategies performed and were exposed as follows:

Contribution to Performance	**Year ended 31 December 2015**	**Equity at risk % AUM**
Volatility strategies	1.6%	12.2%
Equity strategies	12.1%	43.6%
Credit strategies	0.2%	5.1%
Trading	1.2%	2.8%
Others	-0.1%	0.8%
BGF Euro B Class – NAV	**15.0%**	**64.40%**

Source: Boussard & Gavaudan Investment Management LLP

Volatility strategies

Convertible Bond Arbitrage

The year was characterized by a significant dispersion in performance and high volatility surrounding valuations which combined to make the year quite challenging.

Overall, the convertible bond primary market delivered €21bn of issuance in 2015 (compared with €16bn in 2014). Non-dilutive convertible bond issuance totalled €3bn while €17bn disappeared from circulation, mostly due to redemptions (€11bn).

Several characteristics are worth highlighting:
- more issues from investment grade names, with zero coupon and a high premium;
- mostly larger deals (above €1bn);
- more exchangeable issues (€6bn versus €1.7bn last year);
- more companies offering less dividend protection than usual.

In this context, selections for the portfolio were limited and focused on specific trades. The Investment Manager succeeded in identifying the few opportunities that arose and adapted the portfolio by trading around existing positions.

Convertible bond arbitrage sub-strategy contributed positively during the year. Most of the performance came from historical positions; GFI Informatique recalled its convertible bond while the prospectus allowed a full dividend protection via an increase of the conversion ratio, and also from Theolia convertible bonds.

Mandatory Convertible Bond Arbitrage

Mandatory convertible bond arbitrage contributed positively during the year, driven by the Telefonica position and also to a lesser extent, Telecom Italia.

Telefonica mandatory performed well as market-makers faced issues in finding bonds, thus pushing prices up. The Master Fund also benefited from the long gamma position and option hedging activity around this. Telecom Italia contributed positively, benefiting from stock volatility as billionaire Niel bought a 15% stake in the company. Both positions were increased during the year.

On the negative side, The Master Fund suffered on its holding in the Volkswagen mandatory following the September announcement that the company manipulated its diesel emission tests. The Master Fund was fully protected from the negative gamma effect with options, however a proportion of the hedges expired on Friday 18 September, just a few hours before the news came out. Nevertheless, with a substantial amount of remaining options expiring in October and December hedging the crash risk, the damage on this position was limited.

During the year, there was one new exchangeable issue: €750m from America Movil convertible into KPN.

Volatility Trading

Volatility trading overall contributed negatively to the performance. This year was challenging and volatile for both macro and volatility positions. Overall, 2015 was mostly flow driven rather than macro economic driven. The Investment Manager saw few, and short-lived, corrections which made it difficult to take profit on relatively expensive hedges.

Equity Strategies

The European equity market (SX5E) ended the year up 3.8% with continuing inflows into Europe from global asset allocators. The overall environment however was very volatile, mostly driven by macroeconomic uncertainty, and with a lot of performance dispersion within the index.

On the capital market front, the situation was difficult with a flurry of IPOs and a few block trade placements. Performances were mixed. The Investment Manager felt that the market was driven more by news flow than by fundamentals, and decided to stay away from most of the IPOs or market placements.

With this backdrop, the Investment Manager remained focused on conviction trades and elected to use options to express their fundamental views. A combination of volatility and fundamental pricing made this implementation very efficient. The Investment Manager was able to selectively increase many of the highest conviction positions by capitalising on buying opportunities at peak market stress points during the year.
Equity strategies were the primary contributor to the Master Fund performance this year, mainly driven by GFI Informatique, financials and special situations trades.

On 22 November 2015, Boussard & Gavaudan and Apax entered into an agreement with Mannai Corporation to exit GFI Informatique as further described in section 3.2 of this report. The announcement of the agreement contributed positively to the performance of the Master Fund. The €8.50 transaction price represented a premium of 34.0% over the volume-weighted average share price during the previous 20 trading days and 31.6% over the last closing price before the announcement. GFI Informatique is to remain listed.

In a very active and volatile environment the financials book together with special situations positions performed very well (re-rating of Italian *popolari* banks, Lloyds, Société Générale, Imperial Tobacco, Smith & Nephew...). Into the new year, the Investment Manager will endeavour to keep the portfolio concentrated on highest conviction positions. The expectation is options will continue to be used extensively given their proven effectiveness in the turbulent markets of 2015.

Credit Strategies

Capital Structure Arbitrage

Capital structure arbitrage contributed slightly positively to the performance of the Master Fund.

In the current environment of tight spreads, mostly driven by the effects of quantitative easing, the Investment Manager decided during the year to reduce the number of existing positions. No significant opportunities had arisen and focus was turned more to strong, fundamental, idiosyncratic catalysts. Towards the end of the year, the Investment Manager succeeded in identifying a few opportunities. The slightly positive net contribution of the strategy during 2015 was primarily due to trading around existing positions. Profit opportunities were mainly due to local and repetitive intraday dislocations between credit and equities, rather than the partial normalization of credit/equity relationship the Investment Manager was fundamentally positioned for.

Throughout the year, the portfolio remained well balanced between its long / short positions.

Credit Long / Short

During the year, the credit long/short book remained focused on specific situations. Overall, performance was slightly positive in a challenging year for the asset class. Indeed, 2015 proved to be a difficult year for the credit markets generally, primarily impacted by resurgence of macro-risks (China, rate hikes, sharp declines in commodity prices) as well as higher idiosyncratic risks.

The positive performance was generated by the Tiscali position. Following the merger with Aria, Tiscali made a capital increase of €40m which allowed them to repay 60% of their outstanding loans at par. The remaining loans should amortise over the next two years while BGHL retains a very acceptable debt / EBITDA profile. This is another strong achievement for the Master Fund, substantially reducing another illiquid position while contributing significantly to returns for the year. In addition, the financial subordinated book had a slight positive contribution for 2015.

Positive contribution from Tiscali was offset by negative performance on CGG/Solocal.

The main negative contribution came from a long exposure to French Geophysical services company CGG's high yield bonds. CGG's bonds weakened along with the high yield energy sector this year, leading the company to announce a transformation plan in Q4 2015 which including a potential €350m rights issue. The market discounted this capital raising plan as few details were announced on terms or underwriting for the issue in 2015. CGG started the process after approval by shareholders at a meeting on 11 January 2016.

To a lesser extent, the Master Fund also suffered from a long position in Solocal 8.875% high yield bonds. While quarterly results reassured on the company's ability to pass covenant loan tests, some market players were disappointed by the lack of further detail on an optimisation plan for both capital structure and their debt maturity profile. Despite the uncertainties these positions remain high convictions for the Investment Manager.

Trading

Trading contributed positively this year.

3.2. Investments in assets other than Manager Funds

Rasaland Investors plc ("RLI")

RLI is a Malta-based holding company structured as a private equity fund in terms of fees and organisation. RLI is managed by BK Partners. RLI is dedicated to investing in land, hotels and high-end resort developments in Mexico. RLI has invested and is developing the Mandarina, Xala & Seramai resorts in Mexico. RLI's initial business was affected by several adverse events soon after launch which have changed the exit solution and the time schedule considered initially. RLI has mitigated the risk of running out of cash by selling in 2012 a stake in one of its land projects to a large Mexican institutional pension fund, raising USD 80 million with the National Infrastructure Fund and by listing in November 2015 RLI's hotel subsidiary RLH Properties on Mexico's exchange, raising a total of USD 27 million. The subsidiary is the owner of the Four Seasons hotel in Mexico City which it acquired in May 2013.

In February 2015 BK Partners entered into an agreement with Kerzner International Holdings Limited to develop and operate two new One & Only resorts in Mandarina and Xala, on the Pacific Coast of Mexico. RLI is currently focused on the development of the One & Only hotel of the Mandarina project. This development is likely to accelerate the liquidity to RLI's investment in Mandarina through the sale of land parcels as well as private residential estates.

BGHL invested USD 10 million in RLI's shares. The EUR/USD exposure is hedged by an FX forward which is rolled on a 3-month basis.

The contribution of RLI to BGHL's performance was nil.

GFI Informatique ("GFI") and Infofin Participations Sàrl ("Infofin")

In addition to the BGHL's exposure to GFI through the Master Fund, BGHL has direct exposure to GFI. At the end of the Year, BGHL held GFI shares and bonds issued by Infofin and exchangeable for GFI shares. BGHL has a directional exposure which is not hedged. GFI is a major player in value-added IT services and software in Europe. GFI is listed on the Paris Euronext, NYSE Euronext (Compartment B) - ISIN Code: FR0004038099. On 7 June 2013, BGHL signed a shareholders' agreement in order to act in concert with Apax France and Altamir. On 23 November 2015, Mannai Corporation, together with Apax France (jointly with Altamir) and Boussard & Gavaudan, have announced they have entered into exclusive negotiations for Mannai to purchase a 51 percent equity stake in GFI at a price of €8.50 per share.

The press release is available at:
http://www.bgholdingltd.com/uploadImages/File/ACTUS-0-42198-151123_PR_Gfi_EN.pdf.

The contribution of GFI Informatique to BGHL's performance was positive in 2015. The company benefited from profitable growth and its share price increased sharply after the announced acquisition by Mannai. Developments which occurred after the end of the Period are described in the Note 15 (Post balance sheet events).

3.3 Share buy-back

Repurchases under the Share buy-back programme and the Liquidity Enhancement Agreement are made at a discount to the NAV and therefore are accretive to the Shareholders. They contribute to the outperformance of BGHL's NAV with respect to that of BGF. The performance due to the Share buy-back accretion is derived from BGHL's monthly NAV estimations calculated by BGHL's sub-administrator GlobeOp Financial Services LLC

4. Review of important events since the end of the Year

Please refer to Note 15 (Post balance sheet events) for developments relating to the GFI investment since the end of the Year.

5. Principal Risks and Uncertainties

The principal risks and uncertainties are listed and described in the director's report. The Board of Directors has put in place a reporting framework which highlights the following:

- the level of return generated relative to "market" returns, and the relative variability in those returns;
- the impact on NAV if sudden, materially adverse movements occur in financial markets; and
- the value of assets (including assets held within the Master Fund on a "look through basis") which cannot be priced by reference to observable prices in a liquid market.

BGHL's main investment exposures, including the main risks to which the Master Fund is exposed, have been described in this report. The key market risks are equity price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. 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. The equity at risk of the Master Fund is deployed into attractive investment opportunities that are identified. The limited amount of leverage does not expose BGHL to a significant refinancing or default risk.

In terms of headline risks for 2016, an uncertain and tense political environment in and outside Europe, instability in oil and currency prices, global deflationary pressures, tightening of US monetary policy and a general economic slowdown in the emerging markets are seen as the risks most likely to have potentially adverse effects on the performance of the Fund.

Please refer to Section 3.2 of this Investment Manager's Report for a description of developments over the year relating to the GFI investment; the Investment Manager is not aware of any material adverse development since the position was entered into.

As regards RLI, the illiquid nature of the investment, the status of the Mexican real estate market and the political environment in Mexico are all factors which could potentially push the carrying value below its acquisition cost (par value).

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

22 April 2016

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

Principal Activities

During the Year, BGHL had invested substantially all of its net assets in BGF, a feeder fund fully invested in the Master Fund. The Master Fund was established in Ireland and is authorised by the Central Bank of Ireland as a qualifying investor alternative investment fund (QIAIF). The Master Fund is a Europe-focused multi-strategy fund, which aims primarily at arbitraging instruments with non-linear pay-offs in special situations. 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 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

The Investment Manager 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.

Prior to the appointment of the Investment Manager, BGAM acted as investment manager pursuant to an investment management agreement entered into on 13 October 2006, which was terminated with immediate effect on 21 July 2014. The Investment Manager acts through its managing member, BGPL, and is owned by BGAM.

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 at 31 December 2015

The Statement of Financial Position and the Statement of Comprehensive Income for the year are set out in the main financial statements.

Directors

The Directors as 31 December 2015 and as at the date of this report were:

- Christopher Fish, Chairman;
- Nicolas Wirz; and
- Andrew Henton

Mr. Henton and Mr Wirz were re-elected at the annual general meeting held in 2015 and Mr Fish was re-elected at the annual general meeting held in 2014. BHGL'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. None of the directors is currently required to stand for re-election by rotation.

Directors' interests in shares

As of 31 December 2015, Mr. Fish had invested, directly or indirectly, in 8,631 ordinary Euro shares of BGHL and Mr. Wirz had invested, directly or indirectly, in 16,168 ordinary Euro shares of BGHL.

Share buy-back programme and Liquidity Enhancement Agreement

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

Since its listing, BGHL has operated a share buy back programme approved in each annual general meeting by its shareholders. The number of shares repurchased during the Year demonstrates the Board's commitment to BGHL's strategy and its efforts to reduce the discount to the prevailing NAV at which BGHL's shares are trading and to improve liquidity in the shares. Although the Board seeks to minimise its level, such discount is largely driven by market forces beyond BGHL's control. BGHL's intention is to maintain the share buy back programme as long as the discount remains greater than 10%. 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. BGHL does not know in advance the volumes and frequency of share buy-backs for any given month. As a result, every month BGHL needs short-term financing, which it meets by issuing variable funding notes to the Master Fund. The terms of the variable funding notes are described in note 11.The timing of and ability to redeem BGF's shares may expose BGHL to liquidity risk if the variable funding notes are recalled by the Master Fund, as described in note 4 section Liquidity risk.

On 9 July 2015 the shareholders renewed BGHL's authority to make market purchases of its shares. Under such authority BGHL is allowed to purchase up to 14.99% of the shares of each class in issue (excluding treasury shares) at the time authority was granted, such shares in issue (excluding treasury shares) being 31,723,341 Euro shares and 538,435 Sterling shares.

In order to increase the liquidity of BGHL's Euro Shares on Euronext Amsterdam, BGHL entered into a liquidity agreement with Exane on 14 August 2008. Under this Liquidity Enhancement Agreement, in accordance with Dutch accepted market practices, Exane acting on behalf of, but independently from, BGHL may effect purchases of BGHL's Euro Shares on Euronext Amsterdam. BGHL limits the amount allocated to the execution of this contract to 2% of its market capitalisation per year. Residual cash allocated to this programme, which has not been used to buy back BGHL's own shares, is invested by Exane in BNP Paribas Cash Invest, a money market fund distributed by BNP Paribas S.A. group.

Repurchases under the Share buy-back programme and the Liquidity Enhancement Agreement are made at a discount to the prevailing NAV and are therefore accretive to the NAV. They contribute to the outperformance of BGHL's NAV relative to that of BGF.

During the Year, BGHL bought back the following number of Euro shares. No Sterling shares were repurchased.

Repurchase of own shares for the year ended:	Treasury Shares	Average Price	Amount Euro
31 December 2015	3,254,683	€ 15.0332	€ 47,834,196
31 December 2014	3,274,933	€ 13.7679	€ 45,089,114

The discount of the shares with respect to their NAV was the following.

Discount to NAV	31 December 2015	31 December 2014
Euro Share	-22.15%	-20.55%
Sterling Share	-24.84%	-22.26%

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. BGHL did not repurchase any Sterling shares in the Year.

Corporate 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 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 Board places a high degree of importance on ensuring that high standards of corporate governance are maintained and has adopted the Code, which sets out principles of good governance and a code of best practice for listed companies. The Code is available for download from the Financial Reporting Council's web-site www.frc.org.uk.

On 30 September 2011, the Guernsey Financial Services Commission Code published its Finance Sector Code of Corporate Governance (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 has carried out a full review of the 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.

Firstly, no limit has been imposed on the overall length of service of directors, although each director stands for re-election every three years. Mr Fish and Mr Wirz were appointed on 3 October 2006 and hence both have served for more than nine years. The Code states that a director who has served for more than nine years would ordinarily no longer be considered independent and that a smaller company should normally have at least two independent directors. At the most recent annual evaluation of the Board's performance and continuing independence Mr Fish indicated his intention to retire within the next two years, subject to BGHL's circumstances and the prior identification of an appropriate and willing successor, and a process by which to replace him and appoint a successor will be initiated in 2016. The Board believes that there are benefits to shareholders arising from continuity and directors' long term knowledge and experience of BGHL, BGF and the Master Fund and their assets. Hence the Board will only consider the replacement of Mr Wirz once a successor to Mr Fish has taken office. This will result in a Board whose members each have different appointment dates, meaning that the right balance can be struck between maintaining independence and continuity.

Secondly, there is no chief executive position within BGHL nor any management committee. Being a closed-ended investment company whose directors are all independent non-executives, BGHL has no employees and therefore no requirement for a chief executive nor management committee with executive responsibilities.

Thirdly, none of the directors has been formally appointed as the senior independent director. Whilst Mr Fish and Mr Wirz have served for more than nine years, they are both considered to remain independent. Mr Fish is physically removed from the operations of the Investment Manager in both Paris and London and has no director connection with the Investment Manager. All of the directors derive only a minority of their total remuneration from BGHL and hence have no financial dependency on BGHL. There is also no nominations committee, with all putative director appointments being considered by the full board.

The Board meets formally at least four times a year. In addition to these scheduled meetings, during the year the Board has 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, where necessary to the furtherance of their duties, taken independent professional advice at the expense of BGHL

The attendance record of the Directors is set out below:

	Quarterly Board	Ad hoc Board	Audit Committee	AGM
Number of Meetings	4	2	2	1
Meetings Attended :				
Christopher Fish	4	2	2	1
Nicolas Wirz	4	1	2	-
Andrew Henton	4	2	2	1

The focus at Board meetings is a review of investment performance, marketing and investor relations (including discount management), 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.

As required by B.3.2 of the Code, the letters of engagement of the directors are available for inspection upon request of the Secretary at the BGHL's registered office. 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 and believes that the current mix of skills and experience of the directors is appropriate to the requirements of BGHL. As required by B.4.2 of the Code, the Chairman regularly reviews and agrees with each director their training and development needs, if any.

In accordance with B.3.1 of the Code, 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.

In accordance with A.1.3 of the Code, BGHL has purchased directors' and officers' liability insurance and intends to renew such insurance cover on an annual basis.

Directors' Interests and Remuneration

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. Each director is paid an annual fee of €23,000 other than the Chairman, who is entitled to receive €41,500 per annum, and the Chairman of the Audit Committee, who receives an additional fee of €7,500 per annum.

Due to the nature of their roles and in light of the 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.

Shareholders are at each annual general meeting given the opportunity to vote on the directors' remuneration.

Directors' Duties and Responsibilities

The Directors' responsibilities are as follows:

- Statutory obligations and public disclosure;
- Strategic matters and financial reporting;
- Oversight of management and advisors' matters;
- Risk assessment and management, including reporting, monitoring, governance and control;
- Other matters having a material effect on BGHL.

Committees of the Board

The Board has not deemed it necessary to appoint a nomination or remuneration committee as, being comprised wholly of independent directors, the whole Board considers these matters. If a new director were to be appointed, the whole Board would be involved in the selection process and, as required by B.4.1 of the Code, full, formal and tailored induction would be provided by the Board with the support of the Secretary.

Management Engagement Committee

A Management Engagement Committee was established during the year to oversee the performance of service providers, including the Investment Manager. It has defined terms of reference and duties and its members comprised Andrew Henton and Christopher Fish, with Mr Henton acting as permanent Chairman.

Audit Committee

An Audit Committee, with defined terms of reference and duties, has been established and comprised the following members as of 31 December 2014: Andrew Henton, Nicolas Wirz and Christopher Fish, with Mr Henton acting as permanent Chairman of the Audit Committee.

A separate Report of the Audit Committee setting out its duties and how it has fulfilled them is included later in this annual report. BGHL considers that the Audit Committee's performance of its duties fulfils the requirements of C.3.2 of the Code.

Principal Risks and Uncertainties

BGHL's business model involves identifying (and taking positions on) assets whose market price does not reflect the Manager's assessment of intrinsic value. As market prices trend towards the 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. Additional risks are described in the notes to the accompanying financial statements. The Report of the Audit Committee also describes financial reporting risks and how these risks have been mitigated. The Board believes that these disclosures are accurate, complete and not misleading.

The most significant risk identified by the Directors is that of the investment strategy pursued by the Master Fund no longer achieving its investment objectives, leading to non-achievement by BGHL of a 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 diverged materially from historic patterns, or the quality of investment analysis conducted within the Manager was materially degraded (by for example a loss of staff). The next most significant risk is considered to be illiquid and / or non-traded investments not being realisable at their stated carrying value, thereby diluting NAV.

The Investment Manager seeks to deliver risk adjusted returns which are superior to those of "the market" (which for this purpose is considered to comprise the universe of investible assets in its widest sense).The main reports which the Investment Manager provides to the Board, and by which risk exposures are assessed, are as follows:

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 that 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 currently trade at a discount to NAV and have done so for several years. The level of discount is monitored actively, and measures continue to be taken to try and narrow the discount. However, this is a function of supply and demand for BGHL's shares in the market and is not and cannot therefore be controlled by the Board. The key element of the programme by which the Board seeks to manage the level of discount is the share buy back programme. For so long as the prevailing share price remains markedly less than NAV, it is value accretive to shareholders when BGHL buys back its own shares at that price. The Board authorised share buy backs on an opportunistic but regular basis throughout the year ended 31 December 2015 and anticipates continuing this policy during 2016. In considering other interventions that might influence the level of discount, the Board seeks to avoid significantly increasing the total expense ratio and to favour actions which are persistent in their effect, as opposed to short term and transient.

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 the administrator, sub-administrator, 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 and feedback from other independent advisers (including the auditor).

The Business Risk Assessment is used to monitor risk in its wider sense. This document identifies and describes key risks under seven categories (investment, liquidity, credit, market, counterparty, operational and governance), identifying the relevant controls by which to mitigate the associated risks. Impact assessments (a function both of likelihood and severity of impact) are considered for every risk identified, and the document informs both resource allocation (including the allocation of operational responsibility) and decision making about changes or additions to the control environment.

Risk Management and Internal Control Systems

The Audit Committee has conducted a review of BGHL's system of internal controls and further information is given in the Report of the Audit Committee.

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 Manager, and members of the Audit Committee conduct an on site review meeting with BGIM 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 have been identified. These processes ensure an at least annual review of BGHL's system of internal controls, including financial, operational, 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 at each quarterly Board meeting by BGHL's Secretary. 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 to the UK Coporate Goverance Code.

Long Term Viability

The principal risks facing BGHL are documented in the Business Risk Assessment and described above on pages 20-21. 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 on page 21 and in the Audit Committee's report.

Given the nature of its assets (redeemable units in the Master Fund, which are themselves backed by liquid, tradeable assets) 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 the Master Fund wholly or in part, and thereby leave it potentially unable to meet its trading obligations as they fall due. The fact that the operating expenses of BGHL represent 1.60% of its prevailing NAV for the current reporting year makes this risk remote.

The Board has conducted a robust assessment of the principle risks and uncertainties facing BGHL, and also assessed long term viability for the first time in accordance with C2.2 of the Code. 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 investor 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 Manager when making investment decisions in the Master Fund (BGHL's principle 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" (ie 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.

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.

However, 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 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 men". 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 timeframe 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 as being the appropriate period over which to assess future prospects and viability.

Based on BGHL's performance to date and feedback from BGHL's major shareholders, the Board believes that the majority of shareholders intend to continue their investment in BGHL for the foreseeable future, subject to unforeseen future events. Whilst BGHL does repurchase its own Shares in the market, such repurchases are made at a discount to the prevailing NAV and are therefore accretive to NAV.

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 next three years.

Regulatory Compliance

BGHL keeps abreast of regulatory and statutory changes and responds as appropriate. The Board took advice on AIFMD and worked with its advisors, particularly the Investment Manager and Secretary, to implement measures to ensure compliance with relevant requirements of the AIFMD and the AIFMD Regulations by the deadline of 21 July 2014. Although the majority of the obligations are applicable to the AIFM, the Board is satisfied that BGHL as an AIF complies fully with its relevant obligations under the UK's AIFMD and the AIFMD Regulations 2013.

Going Concern

The Board conducts a rigorous and proportionate assessment of BGHL's operational and financial risks with reference to cash flow requirements, debt positions and the liquidity of investments on a quarterly basis.

Currently BGHL has a debt position, the purpose of which is to finance share buy backs. The debt position is repaid in full using the proceeds from redemptions of a portion of its shares in BGF on a monthly basis. It remains at the discretion of BGHL to continue its share buy back activity in the future.

In addition, BGHL has borrowed €60m from Natixis under the committed revolving loan facility agreement described in note 11 to the financial statements.

In addition to the management obligations associated with these debt positions, BGHL also incurs ongoing fees and expenses associated with its day to day operations.

The directors regularly consider the financial solvency of BGHL and are required by the Law to do so on every occasion that any distribution is to be declared, including, but not limited to, dividends, the redemption and conversion of shares, and repurchases by BGHL of its own shares. Under Guernsey law, there is no limit on the period of time for which the Directors are required to consider BGHL's future solvency. The directors therefore are confident that BGHL's assets exceed its liabilities and that BGHL has sufficient liquid assets to meet its debts as they fall due. In addition, should BGHL have insufficient cash to meet its expenses, BGHL expects that it would very rapidly be able to realise sufficient investments to meet such expenses. This is evidenced by a formal solvency statement.

After making enquiries, the Board has a reasonable expectation that BGHL has adequate resources to continue in operational existence for at least the next twelve months. Therefore, the financial statements have been prepared on a going concern basis.

Relations with Shareholders

BGHL considers the ongoing interests of investors and other stakeholders on the basis of open and regular dialogue with the Investment Manager. Additionally, shareholders are 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 the Chairman of the Audit Commmittee attend BGHL's annual general meeting. As recommended by E.2.1 of the Code, a separate resolution is proposed on each substantially separate issue at each general meeting of shareholders, including a vote on BGHL's annual financial report at the annual general meeting, and 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 always 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 announced as recommended by E.2.2 of the Code and the announcement of results is also made available on the BGHL's website. As a matter of best practice, all resolutions are voted upon on a poll. Finally, if required, BGHL can also make available representatives of the Investment Manager 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.

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 UK Listing Authority. The Directors ensure that BGHL complies with the provisions of the Listing Rules and the Disclosure and Transparency Rules of the UK Listing Authority 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 3% 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/professionals/registers/alle-huidige-registers.aspx?type=%7b1331D46F-3FB6-4A36-B903-9584972675AF%7d&q=boussard

The Directors consider 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.

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

Christopher Fish
Chairman

Andrew Henton
Director

22 April 2016

Role and responsibility

This is the report of the Audit Committee (herein the "Committee") which has been prepared with reference to the 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 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 annually. Those terms of reference are published on BGHL's website at 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 cost 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, 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 FCA, the London Stock Exchange, the Guernsey Financial Services Commission, the Companies Law, NYSE Euronext, and the Netherlands Authority for the Financial Markets);
   - 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 system of internal control (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; and

k) 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 not withstanding that it is not specifically mentioned in the above list of duties.

Composition

The Committee comprised the following members as of 31 December 2015: Andrew Henton, Nicolas Wirz and Christopher Fish, with Mr Henton acting as permanent Chairman of the Committee. The Committee considers that Mr Henton has adequate recent and relevant financial experience, as required by C.3.1 of the Code.

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. In addition, it meets the external auditor at least twice a year. The membership of the Committee and its terms of reference are kept under review.

Oversight of controls and risk management

The Board 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.

In support of this exercise, the Committee visits the Investment Manager annually to review and inspect operations. The Committee meets senior staff members responsible for the internal control and oversight functions, 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. BGHL's external auditors attend this meeting with the Investment Manager at the Audit Committee's request.

The oversight programme in 2015 reviewed inter alia (i) changes that had taken place within the Investment Manager's operation; (ii) potential key man risks; (iii) governance within the Master Fund; (iv) investor relations; and (v) the risk register, complaints, errors and breaches logs and business continuity arrangements. Performance was assessed as satisfactory with no unacceptable or unanticipated risk exposures.

In addition, 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 C.2.1 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 supporting the "third line of defence".

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 C.3.5 of the Code, is satisfied that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

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
Valuation of BGHL's investments	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. Notwithstanding these processes and controls, the Audit Committee noted that certain investment holdings (i) were not immediately realisable and / or; (ii) involved material positions being held and / or; (iii) require valuation based on third party assessments and judgements. Consideration was given as to whether the selected basis of valuation in each instance was appropriate. The Audit Committee concluded that the NAV for the Master Fund was the appropriate basis of valuation. In relation to Infofin, the GFI quoted market price has been adjusted downwards to take account of the transaction cost payable by Infofin in the event of a planned secondary share sale proceeding. Whilst such a fee is a level 3 unobservable input, the successful block trade to Mannai Corporation QSC (disclosed as a Post Balance Sheet event) led the Audit Committee to conclude that accruing the cost (thereby reducing the NAV of the Infofin bonds) was appropriate. With respect to RLI, the valuation used is 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. The Audit Committee concluded that continuing to carry the RLI investment at cost was appropriate for so long as the valuation produced by RLI management was above cost, but no more than 25% above cost. This recommendation balances prudence (marking the valuation down immediately if there is a basis upon which to do so) with fairness (not reflecting a subjective upwards valuation unless that revised valuation is materially above cost).
Completeness and accuracy of the disclosures in the financial statements	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, manager and external auditor have all performed their own checks for completeness. 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 was concerned to ensure that the correct balance gets struck between disclosing the drivers of performance, but without inviting users of the financial statements to conflate BGHL with the Master Fund.

Presentation of financial statements	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. 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.

Going concern

The Audit Committee reviewed the assumptions upon which it is assumed that BGHL can continue to operate on a going concern basis. 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 was a partner rotation in 2014. 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 we are satisfied that sufficient safeguards are 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.

The Committee does not award any non-audit work other that the review of its interim financial statements for the half year ended 30 June 2015. 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 auditor independence. No other non-audit services were provided in the year ended 31 December 2015 (2014: £nil).

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 UK professional and regulatory requirements on independence. After 2016 the auditor will have been in office for ten years and the Board will review the merits of putting the audit out to tender during the next financial reporting period. It was not considered necessary or desirable to put the audit out to tender during the current year. The Committee recommended to the Board that Ernst & Young LLP be re-appointed as auditor and a resolution for its re-appointment will be proposed at the forthcoming annual general meeting.

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 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 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 fulfil 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 ended 31 December 2014, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholder's 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.

Andrew Henton
Chairman of Audit Committee
22 April 2016

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 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.

The Investment Manager is an EU-based AIFM. Although the Investment Manager is 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 the BGHL 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.

At the Master Fund level, the maximum levels of leverage that may be employed have increased during the Year to 7 times the Net Asset Value of the Master Fund when calculated in accordance with the "commitment method" and to 20 times the Net Asset Value of the Master Fund when calculated in accordance with the "gross method". The Master Fund is developing CTA strategies which are using more regulatory leverage than the other strategies. Therefore, the Investment Manager considered it prudent to increase the maximum levels of leverage to provide a "buffer" to mitigate any risk of exceeding the current leverage limits.

2. Presentational changes to the income and expenditure account

Note 13 to financial statements details the realized and change in unrealized 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, 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 "Gearing" reproduced in the Investment Manager's Report. The investment policy does not restrict the types and sources of leverage.

During the reporting year, BGHL employed leverage through borrowings and derivatives instruments. BGHL's borrowings are described in note 11 to the financial statements. 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. BGHL has granted a security interest to Natixis, as described in note 11 to the financial statements but has not granted any right of "re-use" of its assets.

Leverage limits and usage

BGHL is subject to the following leverage limits:

200% of the Net Asset Value as described in the "Gearing" section of the investment policy.
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.
- 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 (liquidity risk).

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. 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 applied to BGHL for the first time in 2015.

The Investment Manager (the "AIFM") Remuneration Policy is designed to support our 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 BGIM overall financial performance. BGIM 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 our 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 December 31, 2015:

Fixed remuneration*: €5.427.141
Variable remuneration*: €7.116.408

Number of staff : 61
Aggregate remuneration of senior management*: €3.442.842
Aggregate remuneration of employees whose actions have a material impact on the risk profile of the AIFs managed by the AIFM*: € 5.743.953

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

By order of the Board

Christopher Fish
Chairman

Andrew Henton
Director

22 April 2016

A description of important events which have occurred during the financial year, their impact on the performance of the BGHL as shown in the financial statements and a description of the principal risks and uncertainties facing the BGHL, together with an indication of important events that have occurred since the end of the financial year and BGHL's likely future development is given in the Chairman's Statement, 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 financial year, other than those disclosed in the report of the Investment Manager and at 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 ended 31 December 2014;

(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

Christopher Fish
Chairman

Andrew Henton
Director

22 April 2016

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

Our opinion on the financial statements

In our opinion:

- Boussard & Gavaudan Holding Limited's (the "Company") financial statements (the "financial statements") give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs");
- the financial statements have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

What we have audited

The Company's financial statements comprise:

• Statement of financial position as at 31 December 2015
• Statement of comprehensive income for the year ended 31 December 2015
• Statement of changes in equity for the year ended 31 December 2015
• Statement of cash flows for the year ended 31 December 2015
• Related notes 1 to 16 to the financial statements

The financial reporting framework that has been applied in their preparation is applicable law and IFRS.

Overview of our audit approach

Risks of material misstatement	• Valuation of investments • Measurement of management and performance fees
Audit scope	• We performed an audit of the complete financial statements of the Company for the year ended 31 December 2015.
Materiality	• Overall materiality of €6.23 million which represents 1% of net asset value.

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those which had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	What we concluded to the Audit Committee
Valuation of investments (2015: €716,071,995 2014: €673,904,239) *Refer to the Audit Committee Report (page 27); Accounting policies in Note 2 (page 44); and Note 3 of the Financial Statements*	• We documented our understanding of the processes, policies and methodologies used by management for valuing investments held by the Company and performed walkthrough tests to confirm our understanding of the process and controls implemented. • We obtained an analysis of the investments held and the methods used to value these investments.	No Significant Findings were reported to the audit committee in connection with the valuation of investments.

Risk	Our response to the risk	What we concluded to the Audit Committee
93% of the fair value of investments relate to the Company's holding in the BG Fund and other quoted equity investments. The remainder relates to the unquoted investments in the Infofin Participation Bonds and Rassaland Investors PLC. The valuation of the unquoted investments is subjective with a high level of judgement and estimation linked to the determination of the values with limited market information available. Therefore there is a risk of an inappropriate valuation model being applied, together with the risk of inappropriate inputs to the model/calculation being selected. The valuation of the unquoted investments is the principle driver of the Company's net asset value and total return. Incorrect valuation could have a significant impact on the net asset value of the Company and therefore the return generated for shareholders.	• We have confirmed the net asset value of the investment held in the BG Fund with its independent administrator and the number of units held with the independent administrator and the Company's custodian. • We have recalculated the fair value of the investment in the BG Fund based on the number of units and the NAV at the reporting date as confirmed by the administrator. • We have observed the liquidity of the Company's investment in the BG Fund around the year end date by obtaining the issues/redemptions schedule from the administrator. • We have recalculated the fair value of other quoted equity investments based on the number of units and the price per unit at the reporting date as confirmed with the market. • We have determined and challenged the appropriateness of the valuation techniques applied to unquoted investments and obtained evidence to corroborate the inputs into the valuation models for both the Infofin Participation Bonds and Rassaland Investors PLC. • We have agreed the valuation inputs to supporting documentation and tested the arithmetical accuracy of the Company's calculations for both of the unquoted investments.	
Measurement of management and performance fees (2015: €9,328,319 & €22,071,019 and 2014: €9,383,369 & €10,041,560 respectively)	• We documented our understanding of the processes, policies and methodologies used by management in calculating the management and performance fees due by the Company and performed walkthrough tests to confirm our understanding of the process and controls implemented. • We have reviewed the inputs to the calculation and recalculated the management and performance fee in line with the Prospectus.	No Significant Findings were reported to the audit committee in connection with the measurement of management and performance fees.

Risk	Our response to the risk	What we concluded to the Audit Committee
Refer to the Accounting policies in Note 2 (page 44); and Note 8 of the Financial Statements Due to the inherent complexity of the calculation, management and performance fees may not be calculated correctly in accordance with the Prospectus or Investment Management Agreement.	• We validated key inputs used in the calculation by agreeing the inputs too corroborating evidence.	

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. Taken together, this enables us to form an opinion on the financial statements.

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

This is 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 €6.23 million (2014: €5.96 million), which is 1% (2014: 1%) of Net Asset Value. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

It was considered inappropriate to determine materiality based on Company profit before tax as the primary focus of the Company is the overall performance of investments held which includes a significant asset revaluation component. In addition, profit is not a key metric reported upon by the Company, with the ability to make dividend payments not limited by the profitability of the Company in any particular period.

We believe that net asset value provides us with an appropriate basis for audit materiality as net asset value 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 no matters leading us to amend materiality levels from those originally determined at the audit planning stage.

Performance materiality

This refers to 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% (2014: 50%) of our planning materiality, namely €4.67million (2014: €2.98million). We have set performance materiality at this percentage due to 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 €311k (2014: €298k), 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.	We have no exceptions to report.
Companies (Guernsey) Law, 2008 reporting	We are required to report to you if, in our opinion: • proper accounting records have not been kept; or • the financial statements are not in agreement with the accounting records; or • we have not received all the information and explanations we require for our audit.	We have no exceptions to report.
Listing Rules review requirements	We are required to review: • The directors' statement in relation to going concern set out on page 23 and longer-term viability set out on pages 22 and 23; and • the 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.	We have no exceptions to report.

Statement on the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; • the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and • the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

David Robert John Moore, ACA
for and on behalf of Ernst & Young LLP
Guernsey, Channel Islands

22 April 2016

Notes:
1. The maintenance and integrity of the Company web site 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 web site.
2. Legislation in the Guernsey governing the preparation and dissemination of group financial statements may differ from legislation in other jurisdictions.

Boussard & Gavaudan Holding Limited
Statement of Financial Position
As at 31 December 2015

	Note	2015 €	2014 €
Assets			
Investments at fair value through profit or loss Cost € 464,808,960 (2014: €512,967,662)	3	716,071,995	673,904,239
Due from brokers		1,663,669	652,255
Total assets		**717,735,664**	**674,556,494**
Equity and liabilities			
Liabilities			
Short term loan	11	69,500,000	65,650,000
Unrealized loss on foreign exchange forward derivatives contracts	3	844,958	91,981
Due to brokers		114,503	197,332
Performance fees payable	8	22,071,019	10,041,560
Management fees payable	8	2,356,405	2,303,314
Other liabilities		69,151	121,652
Interest payable	11	112,583	118,287
Total liabilities		**95,068,619**	**78,524,126**
Equity			
Share capital		511,878,144	511,878,469
Treasury shares		(10,513,775)	(8,489,125)
Retained earnings		121,302,676	92,643,024
Total equity		**622,667,045**	**596,032,368**
Total equity and liabilities		**717,735,664**	**674,556,494**
Net asset value per share:			
Class A EURO shares outstanding 29,558,153 (2014: 32,758,519)		€ 20.6546	€ 17.8590
Class A GBP shares outstanding 494,962 (2014: 538,435)		£18.0947	£15.8611

The financial statements on pages 40 to 60 were approved by the Board of Directors on 22 April 2016 and signed on its behalf by:

Christopher Fish
Chairman

Andrew Henton
Director

The accompanying notes on pages 44 to 60 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited
Statement of Comprehensive Income
For the year ended 31 December 2015

	Note	2015 €	2014 €
Income			
Net realised gain on financial assets and liabilities at fair value through profit or loss	13	19,469,771	14,590,088
Change in unrealised gain on financial instruments at fair value through profit or loss	13	89,573,479	33,837,057
Net gain on financials assets at fair value through profit or loss		109,043,250	48,427,145
Other realized and unrealized foreign currency loss		(4,877)	68,851
Interest income		417,933	1,891,081
Dividend income		171,678	171,678
Total income		**109,627,984**	**50,558,755**
Interest expense		1,194,880	1,352,604
Interest expense on cash equivalent		1,568	14,797
Performance fees	8	22,071,019	10,041,560
Management fees	8	9,328,319	9,383,369
Administrative fees	7	125,308	109,776
Directors fees	6	102,040	97,437
Professional fees		40,991	12,778
Audit fees		78,981	48,720
Other expenses		139,852	162,430
Total expenses		**33,082,958**	**21,223,471**
Net profit before tax		**76,545,026**	**29,335,284**
Taxation			
Withholding tax		(51,503)	(51,504)
Total comprehensive income		**76,493,523**	**29,283,780**
Basic and diluted earnings per share			
Class A EURO €74,225,394 / 31,313,332 shares (2014: €27,526,953 Profit / 34,669,926 shares)		€ 2.3704	€ 0.7940
Class A GBP £1,619,575 / 534,812 shares, (2014: £1,417,154 Profit / 803,830 shares)		£3.0283	£1.7630

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 44 to 60 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited
Statement of Changes in Equity
For the year ended 31 December 2015

2015	Share Capital €	Distributable Reserve €	Treasury Shares €	Retained Earnings €	Total Equity €
Balance as at 1 January 2015	511,878,469	-	(8,489,125)	92,643,024	596,032,368
Total comprehensive income	-	-	-	76,493,523	76,493,523
Treasury Shares acquired	-	-	(49,858,846)	-	(49,858,846)
Treasury Shares cancelled	(325)	(47,833,871)	47,834,196	-	-
Transferred from retained earnings	-	47,833,871	-	(47,833,871)	-
Balance as at 31 December 2015	**511,878,144**	**-**	**(10,513,775)**	**121,302,676**	**622,667,045**

2014	Share Capital €	Distributable Reserve €	Treasury Shares €	Retained Earnings €	Total Equity €
Balance as at 1 January 2014	511,878,793	-	(3,679,042)	103,637,951	611,837,702
Total comprehensive income	-	-	-	29,283,780	29,283,780
Treasury Shares acquired	-	-	(45,089,114)	-	(45,089,114)
Treasury Shares cancelled	(324)	(40,278,707)	40,279,031	-	-
Transferred from retained earnings	-	40,278,707	-	(40,278,707)	-
Balance as at 31 December 2014	**511,878,469**	**-**	**(8,489,125)**	**92,643,024**	**596,032,368**

The accompanying notes on pages 44 to 60 form an integral part of these financial statements

Boussard & Gavaudan Holding Limited
Statement of Cash Flows
For the year ended 31 December 2015

	Note	2015 €	2014 €
Cash flows from operating activities			
Total comprehensive income		76,493,523	29,283,780
Adjustments to reconcile net profit to net cash used in operating activities:			
Unrealised gain on financial instruments at fair value through profit and loss	13	(89,573,479)	(33,837,057)
Realised gain on financial instruments at fair value through profit and loss	13	(19,469,771)	(14,590,088)
Change in operating assets and liabilities:			
(Increase)/decrease in due from brokers		(1,011,414)	6,778,619
(Decrease)/increase in interest payable		(5,704)	599
Decrease in due to brokers		(82,829)	(3,470,646)
Increase/(decrease) in performance fee payable		12,029,459	(8,452,765)
Increase in management fee payable		53,091	67,286
Increase in other liabilities		(52,501)	15,575
Net cash used in operating activities		(21,619,625)	(24,204,697)
Cash flows from investing activities			
Purchase of investments at fair value through profit or loss		(162,146)	(23,354,026)
Decrease in deposit for purchase of equity investment		-	23,354,000
Sales of investments at fair value through profit or loss		67,325,180	64,110,027
Net cash provided by investing activities		67,163,034	64,110,001
Cash flows from financing activities			
Treasury shares acquired		(49,858,846)	(45,089,114)
Net purchases of foreign exchange forward derivative contracts		465,437	33,810
Repayment of other short term loan	11	(55,500,000)	(163,150,000)
Proceeds from other short term financing	11	59,350,000	168,300,004
Net cash used in financing activities		(45,543,409)	(39,905,300)
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at 01 January		-	-
Cash and cash equivalents at 31 December		-	-
Supplementary information			
Interest received		417,933	1,891,081
Interest paid		(1,202,152)	(14,198)
Dividend received		171,678	171,678

The accompanying notes on pages 44 to 60 form an integral part of these financial statements

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 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 another, 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.

As of 31 December 2015 and 31 December 2014 neither of BGHL and BGF had any employees or 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 IFRS and with legislation and rules pertaining to Amsterdam Euronext and London Stock Exchange 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.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2015 and not early adopted by BGHL

IFRS 9, 'Financial Instruments', effective for annual periods beginning on or after 1 January 2018 (not yet endorsed by European Union), specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. The standard is not expected to have a significant impact on BGHL's financial position or performance, as it is expected that BGHL will continue to classify its financial assets and financial liabilities (both long and short) as being at fair value through profit or loss.

IFRS 15, 'Revenue from contracts with customers' effective for annual periods beginning on or after 1 January 2018 is the converged standard on revenue recognition. It replaces IAS 11, 'Construction contracts', IAS 18,'Revenue' and related interpretations and is not yet adopted by the European Union.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

. Step 1: Identify the contract(s) with a customer
. Step 2: Identify the performance obligations in the contract
. Step 3: Determine the transaction price
. Step 4: Allocate the transaction price to the performance obligations in the contract
. Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. BGHL is in the process of assessing the impact of standard on its financial statements.

IFRS 8, 'Operating segments' which is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. Amendment is yet to be adopted by European Union.

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 adopted for the financial year beginning 1 January 2015

IAS 24, 'Related Party Disclosures' is amended and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment applies to BGHL. Please refer to note 6 for further details.

Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the amounts in the financial statements and accompanying notes.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models.

The inputs to these 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 calibrating to 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 invests 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.

BGHL also applies judgement when selecting the method of valuation of other investments and uses estimates while assessing their fair value (please refer to note 3 for description of methods and assumptions used).

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.

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

Financial assets are designated by management at fair value through profit or loss at inception as the group of assets is managed and its performance is evaluated on a fair value basis in accordance with BGHL's investment strategy and information about the investments are provided to the board of Directors on that basis.

Investments are initially recognised at fair value excluding attributable purchase costs. Listed securities are subsequently valued by using quoted prices, whereas non-listed equities are determined by using the NAV determined by independent administrator as its basis. The Valuation methodology is discussed in note 3.

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.

Transfers between levels of the fair value hierarchy, are deemed to have occurred at the end of the reporting year.

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 and liabilities 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.

Short term loan

Short term loans are carried at amortised cost.

Forward currency contracts

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 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 Comprehensive Income.

Due from and due to brokers

Amounts due from and to brokers represent deposits held with brokers, receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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).

Income and expenses

Income is recognised in the Statement of Comprehensive Income as it occurs on an accrual basis.

Expenses are accounted for as they occur on an accrual 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 broker and short term loan are recognised in the Statement of Comprehensive Income within interest income and interest expense using the effective interest method.

Dividend income

Dividend income is recognised on 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.

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 analyses BGHL's net assets between the three levels of the fair value hierarchy:

31 December 2015	Level 1	Level 2	Level 3	Total Fair Value	Total Cost
	€	€	€	€	€
Financial assets at fair value through profit & loss					
BG Fund	-	650,496,332	-	650,496,332	432,559,890
Private equity investments	-	-	51,129,899	51,129,899	26,714,426
Money market fund	-	-	-	-	-
Listed equity investments	14,445,764	-	-	14,445,764	5,534,644
	14,445,764	**650,496,332**	**51,129,899**	**716,071,995**	**464,808,960**
Derivatives					
Forward Foreign exchange contracts	-	(844,958)	-	(844,958)	-
Total	**14,445,764**	**649,651,374**	**51,129,899**	**715,227,037**	**464,808,960**

31 December 2014	Level 1	Level 2	Level 3	Total Fair Value	Total Cost
	€	€	€	€	€
Financial assets at fair value through profit & loss					
BG Fund	-	628,833,801	-	628,833,801	480,708,793
Private equity investments		-	35,813,510	35,813,510	26,714,426
Money market fund	175,157	-	-	175,157	171,944
Listed equity investments	9,081,771	-	-	9,081,771	5,372,499
	9,256,928	**628,833,801**	**35,813,510**	**673,904,239**	**512,967,662**
Derivatives					
Forward Foreign exchange contracts	-	(91,981)	-	(91,981)	-
Total	**9,256,928**	**628,741,820**	**35,813,510**	**673,812,258**	**512,967,662**

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

3.1 Level 3 investments

Financial assets	31 December 2015	31 December 2014
	€	€
Opening Balance	35,813,510	31,949,079
Unrealised gain	15,316,389	3,864,431
Closing Balance	**51,129,899**	**35,813,510**

The above table presents the movements in Level 3 investments. There were no transfers between levels for the year ended 31 December 2015.

Rasaland Investors Plc ("RLI")

RLI is classified as a Level 3 asset for valuation purposes since its fair value uses significant unobservable inputs. RLI is administered by Francis J. Vassallo & Associates, a Maltese company. RLI management value 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. Consistent and accurate application of the agreed valuation methodology is verified by PricewaterhouseCoopers on an annual basis. The administrator, Francis J. Vassallo & Associates, performs an annual valuation on 31 December. The value of RLI has remained almost unchanged, slightly above cost, since BGHL made its investment in June 2008.

RLI	31 December 2015	31 December 2014	Variation %
NAV per share (USD)	1.0296	1.0620	-3.24%

Source: Francis J. Vassallo & Associates

In accordance with BGHL's valuation policy, this investment is treated as a Private Equity fund and should therefore be valued according to the NAV per share calculated by the administrator. However, given the illiquid nature of the investment, the Investment Manager's valuation committee made use of its judgment when establishing the fair value and has decided to maintain the investment at cost ($1.00) for as long as the NAV per share calculated by RLI's administrator remains between $1.00 and $1.25. The impact of this decision is not material. The method of calculating the net asset value of RLI, and the methodology applied by BGHL of carrying the holding at cost whilst the parameters above are met, did not change during the year and is consistent with that applied in prior years.

The valuation produced by the administrator is sensitive to the land values used and there is a direct correlation between those values and the net asset value of RLI. As of 31 December 2015, a 10% increase in the inputs (price of land and real estate assets) used to value the position would result in a gain of €920,680 (2014: €826,205) in the NAV of BGHL. A 10% decrease in the inputs used would result in a loss of €920,680 (2014: €826,205).

Infofin Participation Bond ("Infofin Bond")

The Infofin Bond is also classified as a Level 3 investment.

The Infofin Bond is a privately-placed bond issued by Infofin Participations Sàrl ("Infofin"), a private company the activity of which is to essentially hold an equity interest in GFI Informatique ("GFI"). Infofin was created for the purpose of allowing the concert parties (which includes BGHL) to invest indirectly in GFI. Effective on 23 June 2015, Infofin and BGHL agreed to amend the exercise period of the Bonds. Previously, the Bonds were exchangeable at any time on or after 1st May 2015. The Bonds are now exchangeable at any time on or after 31 December 2016. The new maturity date of the Infofin Bonds is 31 December 2017.

Each Infofin Bond is convertible into a fixed number of ordinary shares of GFI from 31 December 2016 until 15 calendar days prior to the Infofin Bond's maturity. During the last 15 calendar days prior to the Infofin Bond's maturity, Infofin may force an exchange; at the same ratio of any Infofin Bond not previously converted.

Given the embedded convertibility of the bond into GFI shares, and the estimation of the underlying cash flows, volatility and growth prospects of GFI itself, BGHL and its AIFM believe that the principal input that should be used as a prudent proxy for deriving the fair value of the Infofin Bond is the GFI share price itself. Although these can be sourced from observable quoted equity prices in the market, given the Bond is not a convertible bond issued by GFI itself, in BGHL's opinion on the basis of advice by the AIFM the Infofin bond should be classified as a level 3 investment.

The GFI share price is multiplied by the number of shares into which the Infofin Bond would convert. The resultant value (which is the conversion value) is adjudged to be the fair value for reporting purposes. No liquidity adjustment is made to the amount of the conversion value. On 22 November 2015, Apax (including Infofin) and Boussard & Gavaudan (the "Sellers") entered into an agreement with Mannai Corporation ("Mannai"), pursuant to which Mannai committed - subject to certain conditions - to purchase a 51% stake in GFI from the Sellers and, through a tender offer, from the public. The Infofin bonds are redeemable upon sale by Infofin of its GFI shares. Based on this pending sale transaction to Mannai, the amount of the Infofin's bonds conversion value was reduced by the estimated amount of transaction costs to be incurred by Infofin upon completion of the sale to Mannai.

The fair value of the Infofin Bond is sensitive and correlated to the GFI share price. Hence a 10% increase or decrease in the GFI share price will result in a 10% increase or decrease in the fair value of the Bond. As of 31 December 2015, a 10% increase in the GFI share price would result in a gain of € 4,333,236 (2014: €2,755,146) on the bond position. A 10% decrease in the share price would result in a loss of €4,333,236 (2014: €2,755,146) on the bond position.The method of calculating the fair value of the Infofin Bond did not change during the year and is consistent with that applied in prior years.

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 BG Umbrella Fund Plc, 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 BG Umbrella Fund Plc 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 BG Umbrella Fund Plc 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 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 investments of the Master Fund is disclosed in the table 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.

Master Fund % AUM(*)	31 December 2015	31 December 2014	Variation %
Level 3	1.68%	5.27%	(3.59)%
of which Investment Manager's Valuation	0.22%	2.74%	(2.52)%

Source: Administrator, GlobeOp Financial Services LLC

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

Instruments 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 statement 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.

Umbrella Fund

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

BGHL's holdings	31 December 2015	31 December 2014
Voting shares - Umbrella Fund	46.53%	45.36%

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

Investment by BGHL into BGF	Subscriptions	Redemptions	Change in holding
	€	€	€
31 December 2015	-	(67,150,000)	(67,150,000)
31 December 2014	23,354,000	(64,110,000)	(40,756,000)

As at 31 December 2015 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 risks type 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 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 was increased on 28 May 2015. The revised limits, expressed as a percentage of NAV, are 700% under the commitment method and 2000% under the gross method. The previous limits were 300% and 1000%, respectively.

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 risks, foreign currency risks and interest rate risks and is discussed in 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 2015, should the price of BGF and investments other than BGF have increased/decreased by 10% with 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 € 71,748,125 (2014: €67,390,424).

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

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 exposure to short-term interest rate risk and more specifically to an increase in short term rates under the borrowing arrangements described in note 11. A 1% increase/ decrease in short term rates would increase/ decrease BGHL's cost of borrowing, and accordingly have a negative/ positive effect on, the profit and loss for the year as follows:

In Euro	31 December 2015	31 December 2014
Short Term Financing	69,500,000	65,650,000
Cost of 1% interest rate increase to profit/equity	695,000	656,500
Cost of 1% interest rate decrease to profit/equity	(695,000)	(656,500)

BGHL is also indirectly exposed to interest rate risk through its exposure in the Master Fund.

Foreign currency risks

Foreign currency risk is the risk 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 Sterling equivalent of the Euro performance.

Portfolio currency hedge
BGHL's investments in currencies other that 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 2015 was payable €844,958 (2014: payable € 91,981). The table below summarises BGHL's exposure to foreign currency risks:

Portfolio Currency Exposure - Amounts in EURO				
	31 December 2015		31 December 2014	
	GBP	USD	GBP	USD
Investments at fair value through profit or loss	-	9,206,802	-	8,262,047
Due from brokers	(57,727)	174	6,620	541
Foreign exchange forward derivatives contracts	-	(9,206,381)	-	(8,261,944)
Net FX exposure of the portfolio	(57,727)	595	6,620	644
Net assets effect -5% change in currency	2,886	(30)	(331)	(32)

Sterling Share Currency Exposure - Amounts in EURO		
	31 December 2015	31 December 2014
	GBP	GBP
Foreign exchange forward derivatives contracts - hedge	12,082,271	11,034,252
Value of sterling shares	(12,156,356)	(10,996,374)
Net FX exposure	(74,084)	37,878
Sterling Share Net Assets effect -5% change in currency	3,704	(1,894)

At 31 December 2015, BGHL had contracted to buy and sell the following amounts:

Purchase Currency	Unit	Sale Currency	Unit	Settlement Date	Unrealised gain/(loss) (€)
GBP	2,000	EUR	(2,723)	5 January 2016	(9)
GBP	8,900,000	EUR	(12,632,619)	6 January 2016	(553,062)
USD	10,000,000	EUR	(8,918,645)	6 January 2016	287,736
EUR	(20,000,000)	USD	17,833,577	6 January 2016	(579,624)
Total					**(844,958)**

At 31 December 2014, BGHL had contracted to buy and sell the following amounts:

Purchase Currency	Unit	Sale Currency	Unit	Settlement Date	Unrealised gain/(loss) (€)
EUR	7,936,004	USD	(8,261,944)	6 January 2015	(325,970)
GBP	8,570,000	EUR	(10,800,263)	8 January 2015	233,989
Total					**(91,981)**

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

(b) 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.

Amounts appearing in the Statement of Financial Position as due from and due to brokers reflect gross maximum exposures which contribute to credit risk and which are detailed by main categories in the following table.

31 December 2015	**Due from Brokers**	**Due to Brokers**	**Gross amount due**
	€	**€**	**€**
Unsettled trades	-	(114,503)	(114,503)
Cash held with custodians	1,663,669	-	1,663,669
Loss on forward contract	-	(844,958)	(844,958)
Total	**1,663,669**	**(959,461)**	**704,208**

31 December 2014	**Due from Brokers**	**Due to Brokers**	**Gross amount due**
	€	**€**	**€**
Unsettled trades	-	(197,332)	(197,332)
Cash held with custodians	652,255	-	652,255
Loss on forward contract	-	(91,981)	(91,981)
Total	**652,255**	**(289,313)**	**362,942**

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 broker/dealers.

Amounts receivable or payable for securities transactions that have not settled at the year end are reflected under the line unsettled trade. 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 custodian
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.

In addition, BGHL has opened a cash and securities account with BPSS in order to enable Exane to operate the liquidity enhancement programme. Because the assets in custody, other than cash, are segregated from the assets of the custodian, the credit risk exposure of BGHL to BPSS is limited to the amount of cash deposited by BGHL with this bank.

Off balance sheet risk in relation to over-the-counter derivatives
Participants on over-the counter markets are not subject to credit valuation and regulatory oversight as are members of "exchange-based" markets. 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 counterparty will not settle a transaction in accordance with agreed 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.

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

There are no assets and liabilities held at year end, other than FX forwards which are subject to offsetting .

(c) Liquidity risk

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

BGHL's financial commitments are represented from time to time by:
- interest, fees and other expenses payable
- amounts payable for the share buy-backs
- the short term financing described in note 11
- amounts due under forward foreign exchange contracts

BGHL manages its ability to fulfill these commitments by combining:
- the unencumbered cash held for working capital purposes
- the issuance of short term notes for the share buy back described in note 11
- redemptions in BGF

BGHL retains an amount of cash with its custodian which is used as working capital in order to manage day to day expenses such as fees and expenses payable.

BGHL invests into BGF by subscribing redeemable participating shares. BGHL may redeem its shares in BGF on a monthly basis with a 60-day notification 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.

All financial liabilities of BGHL at 31 December 2015 are shown on an undiscounted basis in the following maturity table.

	At 31 December 2015			At 31 December 2014		
In EURO	**Less than 1 month**	**1 month to 6 months**	**6 months to 1 year**	**Less than 1 month**	**1 month to 6 months**	**6 months to 1 year**
Bank loan	-	-	(60,103,192)	-	-	(60,112,313)
Other short term loan	(9,500,000)	-	-	(5,650,000)	-	-
Forwards	(844,958)	-	-	(91,981)	-	-
Due to brokers	(114,503)	-	-	(197,332)	-	-
Performance fees payable	-	(22,071,019)	-	-	(10,041,560)	-
Management fee payable	-	(2,356,405)	-		(2,303,314)	-
Other payables	(69,151)	-	-	(121,652)	-	-
Interest payable	(9,391)	-	-	(5,974)	-	-
Total financial liabilities	**(10,538,003)**	**(24,427,424)**	**(60,103,192)**	**(6,066,939)**	**(12,344,874)**	**(60,112,313)**

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.

Over the year the indebtedness of BGHL, comprised of short-term commitments, has changed as follows:

	Fair value at 31 December 2015	Fair value at 31 December 2014
	€	€
External Debt	69,500,000	65,650,000
Equity	622,667,045	596,032,368
Ratio = External Debt / Equity	11.16%	11.01%

6. Related Party transactions

The relationship between BGHL and BGIM and the fees earned are disclosed in note 8. There have been related party transactions as set out below over the year and as disclosed in note 8. Each Director is entitled to an annual fee of €23,000 (2014: €23,000) for an annual total of €46,000 (2014: €57,500); the Chairman is entitled to receive €41,500 (2014: €41,500) per annum and the Chairman of the audit committee receives on additional fee of €7,500 (2014: €7,500) per annum.

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 as no BGHL investors hold more than 50% of total shares in issue.

7. Administration fees

JTC Fund Solutions (Guernsey) Limited, the Administrator, is entitled to an annual fee. In addition, the Administrator outsources the accounting to GlobeOp Financial Services LLC for an annual service fee payable monthly.

8. Management fees and Performance fees

BGHL appointed BGIM as investment manager pursuant to an investment management agreement entered into on 21 July 2014 (the "Investment Management Agreement").

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 is terminable 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, in which case the Investment Management Agreement may be terminated forthwith.
If the Investment Management Agreement is terminated before 31 December in any year, 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.

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. 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 ended 31 December 2015 the Management fees and the Performance fees were as follows:

	2015		2014	
	Expense during the year	**Payable at the year end**	**Expense during the year**	**Payable at the year end**
	€	€	€	€
Management Fees	9,328,319	2,356,405	9,383,369	2,303,314
Performance Fees	22,071,019	22,071,019	10,041,560	10,041,560

9. Total Expense Ratio

Total expense ratios are as below.

Year ended	AUM Year Average	Management Fees	Administration & Depositary Fees	Other Fees	Total Expense Ratio
31 December 2015	€614,682,547	1.52%	0.02%	0.06%	1.60%
31 December 2014	€618,542,666	1.52%	0.02%	0.05%	1.59%

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.

Allotted, issued and fully paid
The share capital detail as of 31 December 2015 is as follows:

Class A Shares	Euro Shares				Sterling Shares
Share balances	**Issued and fully paid**	**Treasury Shares**	**Outstanding Shares**	**% Treasury Shares (*)**	**Issued and fully paid**
At 1 January 2014	**36,136,686**	**(424,975)**	**35,711,711**	**1.18%**	**825,946**
Repurchase of own shares	-	(3,274,933)	(3,274,933)	-	-
Share Cancelled	(2,943,287)	2,943,287	-	-	-
Share Conversions	321,741	-	321,741	-	(287,511)
At 31 December 2014	**33,515,140**	**(756,621)**	**32,758,519**	**2.3%**	**538,435**
Repurchase of own shares	-	(3,254,683)	(3,254,683)	-	-
Share Cancelled	(3,181,889)	3,181,889	-	-	-
Share Conversions	54,317	-	54,317	-	(43,473)
At 31 December 2015	**30,387,568**	**(829,415)**	**29,558,153**	**2.7%**	**494,962**

(*) As per the Companies Law and the listing rules of EuroNext Amsterdam and the UK Listing Authority, BGHL is not permitted to hold more than 10% of its issued share capital in treasury. All shares held in treasury are cancelled after each month end.

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.

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-fourths 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 the creditors of BGHL.

11. Other short term financing

	31 December 2015	31 December 2014
	€	€
Beginning cost	(65,650,000)	(60,500,000)
Repayments	55,500,000	163,150,000
Drawdown	(59,350,000)	(168,300,000)
Ending Cost	**(69,500,000)**	**(65,650,000)**
Accrued interest	(112,583)	(118,287)
Other short term loan at fair value	**(69,612,583)**	**(65,768,287)**

The above carrying values are a reasonable approximation of their fair values.

Over the year, BGHL has borrowed money in Euro at a variable rate plus a spread rate that has ranged from 1.434% and 1.499%. BGHL has benefited from the decrease of short term interest rates.

Variable Funding Notes

In compliance with its investment policy, BGF agreed, from 2 November 2010, to subscribe for such interest-bearing variable funding notes issued by BGHL up to a principal amount of €25 million (the "VFN"). Every month BGHL finances its share buy-back activity by issuing VFN to BGF. Although the stated maturity of the VFN is 18 months from their issue date, BGHL has the option to redeem at any time the notes at par on 2 business days' notice, which it does every month by applying the proceeds of BGF shares redemptions.

The terms of the VFN have been approved by the Board of BGHL. BGHL pays interest at an annual rate equal to a 1.5 percent spread over the 1 month Euribor. In addition, BGF may at any time, on a 90 calendar days notice, require BGHL to repay all VFN at par.

The total amount due under the VFN was as follows:

VFN	31 December 2015	31 December 2014
	€	€
Principal	9,500,000	5,650,000
Accrued Interest	9,391	5,974

Bank Facility

On 22 November 2013, BGHL and Natixis SA entered into a facility agreement under which Natixis made available to BGHL a €60 million committed credit facility with a one-year maturity (the "Facility"). On 29 November 2013 the Facility was utilised in full and the proceeds used to invest in BGF.

On 22 November 2014 the Facility's maturity was extended by one year, to 22 November 2015. On 21 October 2015 BGHL elected to extend the €60 million Facility's maturity by another year, i.e. until 22 November 2016. BGHL has the right to prepay and cancel the Facility at any time

The total amount due under the Bank Facility was as follows:

Bank Facility - Natixis	31 December 2015	31 December 2014
	€	€
Principal	60,000,000	60,000,000
Accrued Interest	103,192	112,313

In order to secure its obligations under the Facility, BGHL granted to Natixis a first priority security interest over the following number of BGF's Euro B Class Shares.

Security Interest	31 December 2015	31 December 2014	Variation %
BGF – Euro B Class – Shares	3,338,187	3,338,187	0.00%
BGF – Euro B Class – Price	155.248561	135.046332	20.20%
Value in Euro	€518,248,728	€450,809,909	20.20%

12. Segment information

For management purposes, BGHL is engaged in one main operating segment, which invests 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 operating income per geographical location. The basis for attributing the operating income is the place of incorporation of the instrument's counterparty.

	31 December 2015	31 December 2014
	€	€
Guernsey	-	71,890
Ireland	88,812,524	43,678,035
France	20,162,886	5,861,587
United Kingdom	(287,540)	(59,802)
Rest of the world	940,114	1,007,045
Total	**109,627,984**	**50,558,755**

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

	31 December 2015	31 December 2014
	€	€
Equity securities	95,130,829	47,287,312
Debt instruments	14,789,572	3,252,217
Derivative financial instruments	(287,540)	(59,802)
Foreign exchange gains on financial instruments not at fair value through profit or loss	(4,877)	79,028
Total	**109,627,984**	**50,558,755**

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

Realised gain on financial assets and liabilities at fair value through profit or loss	**31 December 2015**	**31 December 2014**
	€	**€**
Equity securities	19,004,334	14,556,278
Derivatives		
Foreign Exchange Forward	465,437	33,810
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss	**19,469,771**	**14,590,088**
Change in unrealised gain from financial assets and liabilities at fair value through profit or loss		
Equity securities	75,958,030	31,066,150
Debt securities	15,780,894	2,864,519
Change in unrealised loss from financial assets and liabilities at fair value through profit or loss		
Equity securities	(3,213)	-
Debt securities	(1,409,255)	-
Derivatives		
Foreign Exchange Forward	(752,977)	(93,612)
Net change in unrealised gain on financial assets and liabilities at fair value through profit or loss	**89,573,479**	**33,837,057**

14. 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 (2014: £600). 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).

15. Post balance sheet events

On 8 April 2016, Mannai Corporation QSC ("Mannai") acquired from entities managed by Apax, including Infofin, and Boussard & Gavaudan (the "Sellers") 25% of the GFI share capital and voting rights (on a fully diluted basis) at €8.5 per share. Mannai and the Sellers entered a shareholders' agreement providing that they will act in concert. Following this transaction, BGHL received repayment of the Infofin bonds and currently holds 3,453,160 GFI shares.

On 19 April 2016 Mannai filed a cash tender offer on GFI. The Sellers have agreed to sell to Mannai in a second block sale, upon closing of the tender offer, a number of GFI shares so that Mannai holds 51% of the share capital and voting rights of GFI on a fully diluted basis.

16. Approval of financial statements

The financial statements were approved by the Board on 22 April 2016, at which date these financial statements were considered final.