BOUSSARD & GAVAUDAN HOLDING LIMITED

DECEMBER 2011 NEWSLETTER

I. COMPANY INFORMATION

General information	
Investment manager	Boussard & Gavaudan Asset Management, L.P.
Company domicile	Guernsey
Website	www.bgholdingltd.com
Management fee	1.5% p.a.
Performance fee	20% with HWM

	SEDOL	ISIN	Reuters	Bloomberg
EUR Euronext	B1FQG45	GG00B1FQG453	BGHL.AS	BGHL NA
EUR LSE	B28ZZQ1	GG00B1FQG453	BGHL.L	BGHL LN
GBX LSE	B39VMM0	GG00B39VMM07	BGHS.L	BGHS LN
GBX Euronext	B39VMM1	GG00B39VMM07	BGHS.AS	BGHS NA

II. OVERVIEW

Boussard & Gavaudan Holding Limited ("BGHL") is a Guernsey closed-ended investment company and is registered with the Dutch Authority for the Financial Markets as a collective investment scheme under article 1:107 of the Dutch Financial Markets Supervision Act. BGHL invests its assets in order to provide exposure to multiple alternative investment strategies managed by the Investment Manager. The investment objective is to seek to produce long-term appreciation of its assets. BGHL seeks to achieve this by investing in BG Fund Plc ("BG Fund"). In addition, a proportion of the net assets of BGHL may, at the discretion of the Investment Manager, be invested in other hedge funds and/or other financial assets selected by the Investment Manager. BGHL aims to generate a target annualised return in excess of 10% (net of all fees).

III. SHARE INFORMATION

Net Asset Value (NAV)	Euro share	Sterling share
Estimated NAV*	€13.4296	£12.2118
Estimated month to date return*	-0.48%	-0.58%
Estimated year to date return*	-2.68%	-5.13%
Estimated inception to date return*	34.30%	22.12%

Euro share	Amsterdam (AEX)	London (LSE)
Market close	€10.89	-
Premium / discount to estimated NAV	-18.91%	-

Sterling share	Amsterdam (AEX)	London (LSE)
Market close	-	GBX 948.00
Premium / discount to estimated NAV	-	-22.37%

In the context of the current discount to NAV, the Company continues to purchase some of its own shares into treasury.

	Euro share	Sterling share
Shares issued	42,280,977	1,496,750
Shares held in treasury	2,628,763	-
Shares outstanding	**39,652,214**	**1,496,750**

	BGHL
Total value of the investments of BGHL based on the estimated NAV for the shares outstanding	€ 554 million
Market capitalisation of BGHL based on the share price for the shares outstanding *Amsterdam (AEX) market close for the Euro Share and London (LSE) market close for the Sterling share*	€ 449 million

* Estimated figures

IV. BGHL COMPOSITION

The proceeds have been invested in the BG Fund (net of a certain amount retained by BGHL for working capital requirements and other requirements).

In addition to having substantially 100% of its assets under management invested in the BG Fund, BGHL has three investments in private equity companies.

A. BG FUND PLC

European equity markets went down this month with the Eurostoxx 50® -0.6%. Volatilities on stock markets decreased: the VDAX index moved to 28.6% from 31.0% and the VStoxx® Index to 32.2% from 37.1%. Credit spreads were almost stable with the iTraxx Crossover index at 754bps (-4bps over the month).

Volatility strategies

Convertible bond arbitrage

Convertible bonds (excl. mandatories) gained +34bps* for the fund in December.

Beside the gamma gains in our pure arbitrage book (delta hedged CBs + CDSs), this was mostly driven by strong gains from our (largely) directional credit bets, which reversed part of the losses experienced in the previous months.

In particular TUI Travel benefited from renewed positive investor sentiment following the release of their full year 2011 preliminary figures which, in contrast to competitor Thomas Cook, beat analysts' consensus and were well received by the market. Whilst the environment is expected to remain challenging, the company said they expected moderate growth next year and that they were committed to further strengthening of cash flow generation. The low delta / credit sensitive TUI Travel convertibles further gained on the back of the announcement by mother company TUI AG that they had resolved to sell most of their Hapag-Lloyd stake to the shipping company's majority shareholder Albert Ballin. This raised hopes that TUI AG could buy back TUI Travel's minority shareholders, once they have completely exited the shipping industry (the TUI Travel convertibles benefit from a change of control protection in the form of a ratchet and a change of control put).

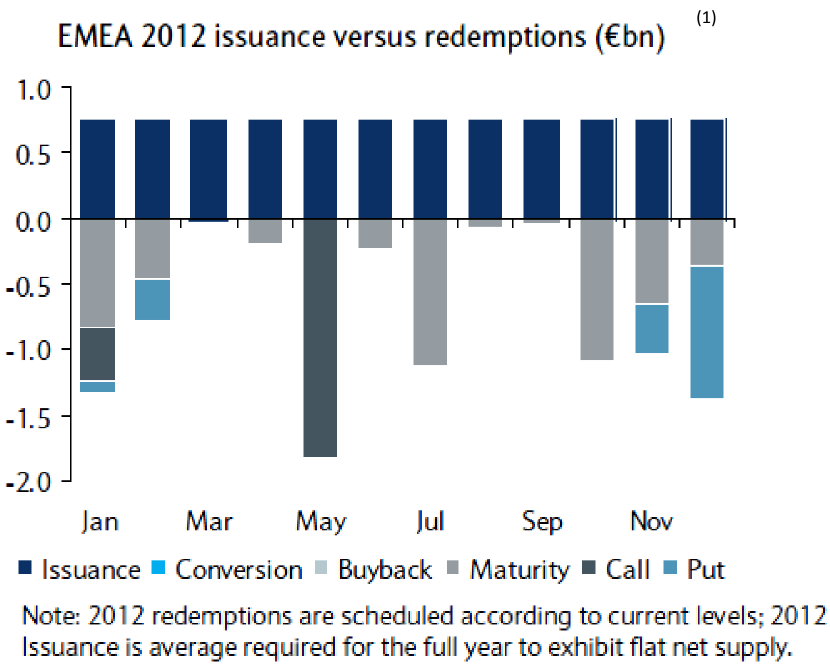
Alcatel 5% 2015 recouped part of the previous month's losses, closing the year at a Z-spread of ~1,435bps (with a zero equity volatility input), back from a wide of 1,650bps in November. We expect the CB to continue to recover over the coming months as Alcatel cashes in the proceeds of the sale of Genesys in the US (US$ 1.5bn) and reduces its working capital requirements. In the coming months we believe Alcatel will have to raise external resources to match its maturing liabilities and will probably have to tap its shareholders or issue a mandatory, as current spreads prevent the company from issuing more debt.

Fortis CASHES were flat this month, ending up the year close to their 12-month lows at ~35%. We traded a bit around the position, eventually increasing it marginally, during the first half of the month. Thereafter the bonds became illiquid, exaggerating the downward trend in volumes which we witnessed across the board in European convertibles.

On the primary side, French issuer Technip came to the market with a repeat issue which was almost a copycat of their previous CB issued in November 2010. This time, the 2017 bonds were marketed with a 0.25 – 0.875% coupon and a 30 – 35% conversion premium ranges. Owing to strong outright demand (despite the very low coupon and the profile, which was identical to the existing 2016 CB) the €500m new issue priced at the tight end of terms with a 0.25% coupon and 35% premium. In Asia, Temasek came back to the market (after their exchangeable into Standard Chartered, which was issued in October 2011) with a SGD 600m, zero coupon, exchangeable into HK trading company Li Fung. We participated in both deals although very modestly as we felt the terms were not generous enough.

In 2012 we expect new issuance to recover significantly from the probably 10-year low in European issuance in 2011. Whilst the gross supply was only around €7.5bn(1), the net supply was heavily negative due to €14.9bn(1) of redemptions. In 2012, there could be another €9.1bn(1) of redemptions requiring around €0.8bn(1) of issuance per month on average for flat annual net supply. Adding the strong trend in banks' deleveraging and disintermediation, 2012 could actually surprise on the upside in terms of new issuance.

•Estimated figures
(1) Source Barcap



Mandatory convertible bond arbitrage
Mandatory convertible bonds were almost flat this month, with a +1bp* contribution to the performance of the fund.

Whilst realised volatility decreased over the month, which primarily impacted our gamma hedges negatively, we benefited from slightly tighter interbank spreads (as high delta funded instruments, mandatory convertible bonds are sensitive to funding spreads). We marked down the volatility structure on the names underlying our mandatory positions but did not suffer from that from a P&L standpoint given the almost zero vega exposure of our mandatory positions.

There was no new mandatory convertible bond issue in Europe this month.

Gamma trading
We suffered from both low realised volatility and falling implied volatilities, which resulted in a negative performance of 27bps* for gamma trading for the month. After a quick and short rally during the last trading sessions of November, the market focus rapidly switched to the European summit of 9 December. A number of potential events (US macro data, central banks' decisions, European policymakers' meetings) kept implied volatilities at high levels. Unfortunately the market's reaction was muted, making the long gamma expensive to carry.

We decided to reduce our gamma exposure mid-month to coincide with the imminent holiday season. This proved worthwhile as realised and implied volatilities drifted lower especially after the quarterly expiry, with very few prints and low activity. With volatility levels continuing to adjust lower, we are progressively ramping up our gamma portfolio.

Equity strategies
Equity strategies did not perform well in December (-75bps*), mainly due to the fund's core positions, in particular Camaïeu, which was marked down. During the month, we suffered from our defensive bias in the equity book. Our hedges, which were mostly implemented through options and protected us well during this year, suffered from a quiet December with low volatility. On the positive side, we benefited from our sizeable participation in the long expected RWE capital increase, which came at the last possible moment to be completed by year-end. We are expecting more accelerated placings in the coming weeks as companies need to clean up their balance sheets.

•Estimated figures
(1) Source Barcap

The Euro-zone debt and banking crisis was the dominant theme throughout December 2011 and remains so going into 2012. The markets now recognise that the viability of the monetary union in its current format is in question. This is to be a key theme for 2012 and the market does not rule out the possibility that some peripheral countries might eventually exit the monetary union. Consequently, our outlook remains very cautious on the equity market evolution in the coming weeks and in this environment we continue to priviledge credit as an asset class.

Credit strategies

Credit strategies returned +1bp* to the fund in December.

The performance was dragged down by our high-yield bond investments which traded 4-5 points lower in the wake of year-end liquidations, albeit in low volumes. On the other hand, we were long the BNP 6.342% Tier 1 securities, which will be redeemed at par on 24 January 2012, as announced on 14 December by the company.

As highlighted in the November newsletter, the activity in the subordinated financials sector continues to be dominated by voluntary Liability Management Exercises (LMEs), allowing issuers to create capital gains by tendering or exchanging instruments at a discount to par. This new wave of LMEs is a support to the trading levels in the sector, as they are done at a premium to secondary levels. However, the most recent transactions (e.g. Santander) were less generous for investors than the wave of LMEs observed in 2009. As a result, we have preferred to focus on less volatile non Basel 3 compliant instruments with short-dated first call dates rather than targeting potential LME candidates. We believe that strong issuers will continue to call at par the subordinated instruments, which will no longer qualify as capital from January 2013 with the Basel 3 implementation. This strategy returned +6bps* in December with BNP announcing that they will call at par their 6.342% Tier 1 at its first call date.

The European sovereign crisis turned from very acute to chronic following the EU Summit on 9 December. What emerged was another step forward, building on past progress but leaving out important issues that will need to be clarified later (such as the meaning of “fiscal union”). Eventually, the “sequenced path” will gradually lead the ECB towards more proactive purchases of government bonds on a larger scale in 2012 (once national governments commit to additional fiscal adjustment and future rules for the “fiscal compact” are agreed upon). Following the ultimate summit of 2011, Mario Draghi’s positive commentary on this fiscal compact (though not with 100% EU-wide support) was, in our opinion, rather encouraging. The sovereign crisis is here to stay, but we think the risks of a collapse of EMU has receded.

The day before, on 8 December, the announcement of the ECB to provide broader, long-term funding to the banking industry was a very significant development. Indeed, the relaxation of rating requirements and the expansion to include corporate loans (as collateral), as well as the initiation of two 3-year LTROs will have a significant impact on financial spreads, at least at the short end of the curve.

For the first operation, which was conducted on 21 December, the take up was €489bn, higher than most estimates. We acknowledge the positive points of 1) lowering "credit crunch" concerns and 2) helping banks ride through the high redemption period of the 1H12.

These positive points do not alter the sell-side research consensus that the outlook for the economy and for markets, in general, is extremely dark. Whilst credit will remain heavily influenced by other asset classes, and obviously mostly by sovereigns, we believe more and more in our macro call that non-financial corporates, as an asset class, are cheap to equities. Furthermore, our internal model is starting to show increasingly recurrent and stronger signals that credit spreads are trading cheap relative to equities on specific micro cases across several sectors (eg. automobile manufacturers, steel producers, telecom operators, etc).

Trading

Trading contributed a positive 9bps* to the performance of the fund this month.

* Estimated figures

B. PRIVATE EQUITY INVESTMENTS

On top of its investment in BG Fund, BGHL has entered into three private equity investments. These investments, which represent approximately 6% of the net asset value of BGHL, were marked at cost except for DSO Interactive, marked down 25% at the end of December 2011.

Rasaland

BGHL entered into Rasaland in June 2008 for $10 million. Rasaland is a Maltese company structured as a private equity fund in terms of fees and organisation, which is dedicated to investing in land, land development and high-end resort developments in Mexico. The EUR/USD exposure is hedged by an FX forward which is rolled on a 3 month basis.

DSO Interactive

On 9 December 2009 and 19 February 2010, BGHL acquired a minority stake in DSO Interactive for a total consideration of €1.7 million (6.2% of the share capital and 5.3% on a fully diluted basis). DSO Interactive is a private company incorporated in France and headquartered in Paris, where it employs over 120 people. DSO Interactive provides bad debt collection services to consumer creditors such as telecom operators, banks and specialised credit institutions.

Compagnie des Minquiers

On 3 March 2011, Compagnie des Minquiers SAS, a 83.3%-owned subsidiary of BGHL (held jointly with the executive committee members of the Cofigeo group) acquired 100% of the shares of MPF (renamed Financière des Minquiers), a holding company, holding 26,523 shares in Cofigeo negotiated on the regulated market NYSE Euronext in Paris representing approximately 36% of capital and 41% of voting rights. On 29 March 2011, in compliance with French securities law, Compagnie des Minquers filed a mandatory tender offer for all the remaining shares of Cofigeo at a price of €530. On 20 June 2011, following the completion of the “offre publique de retrait” on Cofigeo, Compagnie des Minquiers SAS announced that it held 100% of the capital of Cofigeo.

With sales of 138 million and approximately 650 employees, Cofigeo is a leading player in France in the canned food industry. The group sells prepared meals and sauces under the brands Zapetti (formerly Buitoni) and Raynal & Roquelaure as well as under private labels. It ranks #2 in France with a market share of approximately 25%. BGHL’s total investment in the transaction amounts to approximately €18 million.

V. BOUSSARD & GAVAUDAN ASSET MANAGEMENT UPDATE

A. TRANSACTION IN THE COMPANY’S SECURITIES

Please note that transactions in the Company's securities that have been performed by officers, directors and persons referred to in the section 5:60 of the Financial Supervision Act ("Wft") are reported:

• directly on the AFM website: www.afm.nl (public database > notification > insider-transactions 5:60 wft);

• on the Company’s website through a link to the AFM notification: www.bgholdingltd.com (Investment Manager > Regulatory information).

Transactions in the Company’s own securities are also reported on:

• the AFM website: www.afm.nl (public database > notification > price-sensitive press releases);

• the Company’s website: www.bgholdingltd.com (Investor Relations > Financial announcements).

B. BG FUND’S AUM

As of 1 January 2012, assets under management are at €1.22bn.

C. FUND REORGANISATION

We are pleased to report that following the EGM on 19 December 2011 the reorganisation into a master/feeder structure has been completed and is effective since 3 January 2012. Boussard & Gavaudan Fund PLC has been renamed to BG Master Fund PLC. BG Umbrella Fund PLC (the "Feeder") and its two sub-funds, BG Fund and BG ERISA Fund, have been approved by the Central Bank of Ireland. Boussard & Gavaudan Fund PLC shares have been exchanged into BG Fund shares. The terms of investment remain unchanged.

We would like to thank all our investors for their trust. We remain strongly committed to the fund and its performance and take this opportunity to wish you all a happy new year 2012.

Sincerely,

E. Boussard & E. Gavaudan

Investment manager

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Annex 1: BG Fund - Greeks		
Delta	-1.9%	-1.9 bps P&L variation for market +1%
Gamma	0.9%	delta variation for market +1%
Vega	10.8 bps	by vol point
Vega with maturity weight (1/sqrt(T))	9.9 bps	by vol point
Theta	-0.1 bps	by day
Optional theta (-10%)	-1.3 bps	by day for market -10%
Rho	0.4 bps	for 1 bp of interest rates increasing
Credit sensitivity	-14.2 bps	for 1% of credit spreads widening (in relative)

Annex 2: BG Fund - Performance attribution *	
Volatility strategies	**8 bps**
Mandatory convertible bond arbitrage	1 bps
Convertible bond arbitrage (incl. credit convertible bonds)	34 bps
Gamma trading	-27 bps
Warrant arbitrage	0 bps
Equity strategies	**-75 bps**
Risk arbitrage / Special situations	-14 bps
Long / short trading with short-term catalyst & Value	-61 bps
Credit strategies	**1 bps**
Credit long / short	-3 bps
Capital structure arbitrage	4 bps
Trading	**9 bps**
TOTAL	**-57 bps**

Annex 3: BG Fund - Equity at risk	
Volatility strategies	**17.2%**
Mandatory convertible bond arbitrage	3.8%
Convertible bond arbitrage	11.3%
Gamma trading	2.1%
Warrant arbitrage	0.0%
Equity strategies	**18.6%**
Risk arbitrage / Special situations	1.7%
Long / short trading with short-term catalyst & Value	16.9%
Credit strategies	**13.2%**
Credit long / short (incl. credit convertible bonds)	8.5%
Capital structure arbitrage	0.6%
Restructurings	4.1%
Trading	**2.6%**
TOTAL	**51.6%**

* Estimated figures

Annex 4: BG Fund - Gross exposure in M€		
Volatility strategies		
Mandatory convertible bond arbitrage	Long	282
	Short equity	255
	Short credit	135
Convertible bond arbitrage	Long	335
	Short equity	138
	Short credit	41
Gamma trading	Long	107
	Short	107
Warrant arbitrage	Long	0
	Short	0
Equity strategies and Trading		
Equity strategies and Trading	Long	469
	Short	369
Credit strategies		
Credit long / short (incl. credit convertible bonds) and Capital structure arbitrage	Long	369
	Short	110
Restructurings		
Restructurings	Long	95
	Short	0
GROSS EXPOSURE		**2,812**

	Long	**Short**
Mandatory convertible bond arbitrage and Convertible bond arbitrage	∑ market value long	Abs(∑[delta equity + options])
+		
∑ notional long for CDS		
Gamma trading	∑ Abs (delta equity)	∑ Abs (delta equity)
Warrant arbitrage	∑ delta long	∑ Abs(delta short)
Equity strategies and Trading	∑ delta long	∑ Abs(delta short)
Credit strategies	∑ market value long +	∑ Abs(market value short) +
	∑ Abs (notional short for CDS)	∑ notional long for CDS

Annex 5: Investment manager's track record - Historical returns summary (net of fees)

Euro A share class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
							Sark Fund							
2003	-	-	0.75%	0.76%	0.82%	1.04%	0.93%	1.06%	1.18%	1.55%	1.05%	0.17%	9.69%	**9.69%**
2004	1.07%	-0.12%	1.03%	0.22%	0.14%	-0.29%	-0.42%	-0.42%	-0.19%	-0.49%	1.18%	1.07%	2.81%	**12.77%**
2005	1.70%	1.06%	1.09%	-0.69%	0.27%	1.27%	1.16%	0.50%	1.00%	-0.44%	0.71%	0.77%	8.70%	**22.58%**
2006	-0.18%	1.56%	1.64%	0.86%	-0.47%	1.35%	0.40%	1.56%	2.73%	2.90%	2.34%	2.91%	18.99%	**45.85%**
2007	3.14%	1.46%	4.67%	0.74%	1.39%	-2.24%	0.87%	-2.20%	-0.31%	1.83%	-2.15%	-1.24%	5.85%	**54.38%**
2008	-2.08%	-0.01%	-2.35%	1.10%	1.13%	-2.33%	-1.39%	0.21%	-10.93%	-0.44%	-2.86%	0.18%	-18.58%	**25.69%**
2009	1.92%	-0.28%	0.90%	4.88%	4.10%	0.73%	1.99%	3.21%	3.48%	1.13%	0.22%	0.48%	25.13%	**57.27%**
											Sark Fund & BG Fund combined			
2010	1.26%	0.37%	1.60%	0.74%	-1.49%	0.74%	2.01%	-0.34%	0.62%	2.02%	-0.14%	1.85%	9.56%	**72.31%**
2011	0.65%	0.38%	1.94%	-0.09%	-0.07%	-1.27%	-0.95%	-0.24%	-2.86%	2.47%	-4.50%	-0.57%*	-5.16%*	**63.42*****

US Dollar A share class

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
							Sark Fund							
2003	-	-	0.67%	0.70%	0.77%	0.94%	0.84%	0.97%	1.15%	1.46%	1.01%	0.15%	9.00%	**9.00%**
2004	1.00%	-0.17%	0.96%	0.13%	0.07%	-0.35%	-0.47%	-0.47%	-0.24%	-0.59%	1.16%	1.06%	2.08%	**11.27%**
2005	1.66%	1.08%	1.09%	-0.64%	0.31%	1.30%	1.22%	0.62%	1.06%	-0.32%	0.81%	0.89%	9.45%	**21.79%**
2006	-0.01%	1.64%	1.78%	1.08%	-0.29%	1.49%	0.56%	1.74%	2.83%	3.06%	2.64%	3.01%	21.29%	**47.72%**
2007	3.19%	1.58%	4.82%	0.89%	1.45%	-2.15%	0.97%	-2.12%	-0.22%	1.92%	-2.13%	-1.17%	6.97%	**58.02%**
2008	-2.12%	-0.07%	-2.57%	1.02%	0.98%	-2.52%	-1.50%	0.21%	-10.63%	0.16%	-2.97%	0.22%	-18.56%	**28.69%**
2009	1.71%	-0.31%	0.84%	4.87%	4.29%	0.72%	2.01%	3.26%	3.48%	1.11%	0.21%	0.46%	24.96%	**60.81%**
											Sark Fund & BG Fund combined			
2010	1.24%	0.36%	1.58%	0.73%	-1.41%	0.77%	2.16%	-0.33%	0.67%	2.05%	-0.15%	1.88%	9.92%	**76.77%**
2011	0.65%	0.35%	1.93%	-0.15%	-0.12%	-1.35%	-1.00%	-0.30%	-2.72%	2.56%	-4.41%	-0.50%*	-5.13%*	**67.70%***

* Estimated figures

Annex 6: BG Fund - Macroeconomic risks through stress tests

General stress tests

	Scenario	Description	Impact % of NAV
1	Delta - spot up	Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	0.11%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	0.71%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.35%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	-0.34%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-3.00%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.72%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0%	-2.25%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%	-3.74%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%	-3.81%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	-3.23%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -12.5%	-3.77%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -12.5%	-3.84%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -12.5%	-3.26%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 12.5%	-3.72%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 12.5%	-3.78%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 12.5%	-3.20%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-2.98%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-2.64%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-3.31%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	4.30%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	3.62%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-2.63%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-3.35%
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	3.38%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.70%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	4.02%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	3.51%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.80%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%	4.11%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	3.34%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	3.66%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	3.99%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	3.47%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	3.76%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	4.07%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 25%	3.31%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 25%	3.62%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.95%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 25%	3.43%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 25%	3.73%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 25%	4.04%
	Worst		**-3.84%**

Hedge funds liquidation stress tests

Stress tests' scenarios have been improved in order to take into account liquidity issues. This scenario aims at reflecting, to some extent, how the fund would react in distressed market environment (as it was the case in late 2008). These stress tests combine the three following adjustments:

• small and mid caps adjustment

In certain market conditions, small and mid caps beta may become much higher than its level in normal market conditions and thus the hedging of such positions may not be effective. To address this kind of circumstance we apply a corrective factor to the beta of small and mid caps. The factor applied on mid caps is 1.5 and 2 on small caps.

• risk arbitrage adjustment

The risk of risk arbitrage positions is taken into account differently in case the market drops by more than 10%. We consider that one third of risk arbitrage positions will collapse.

• liquidity adjustment

An average discount (realised in 2008) is applied to bond, convertible bond (including mandatory convertible bond) and loan prices in case credit spreads widen by more than 25%.

Mandatories:	Adj. price = Max(Shifted Price – 5% * Max(Credit spread shift – 25%, 0), Parity)
Others:	Adj. price = Max(Shifted Price – 5% * Max(Credit spread shift – 25%, 0), 0)

	Scenario	Description	Impact % of NAV
1	Delta - spot up	Spot : 10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	0.63%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	0.23%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.35%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	-0.34%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-3.00%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.72%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0%	-2.51%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%	-5.44%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%	-7.61%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	-8.91%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -12.5%	-5.47%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -12.5%	-7.64%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -12.5%	-8.94%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 12.5%	-5.42%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 12.5%	-7.58%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 12.5%	-8.88%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-2.72%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-2.37%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-3.06%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	4.06%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	3.39%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-2.63%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-3.35%
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	3.63%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.94%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	4.28%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	4.00%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	4.30%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%	4.62%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	3.59%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	3.90%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	4.24%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	3.96%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	4.26%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	4.59%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 25%	3.55%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 25%	3.87%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 25%	4.21%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 25%	3.93%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 25%	4.23%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 25%	4.55%
	Worst		**-8.94%**

Annex 7: BG FUND - IFRS 7 Classification as of 30 November 2011		
	% of NAV	**Number of positions**
Assets		
Level 1	23.7 %	88
Level 2	107.8 %	206
Level 3	5.2 %	11
Non trading balances (inc. Cash/repos)	29.2 %	2
Total Assets	**165.9 %**	**307**
Liabilities		
Level 1	-22.7 %	62
Level 2	-43.2 %	157
Total Liabilities	**-65.9 %**	**219**
Total Assets + Liabilities	**100 %**	**526**

Annex 8: BG Fund - Full year 2011 estimated performance attribution	
Volatility strategies	**-301 bps**
Mandatory convertible bond arbitrage	25 bps
Convertible bond arbitrage (incl. credit convertible bonds)	-309 bps
Gamma trading	-17 bps
Warrant arbitrage	0 bps
Equity strategies	**-71 bps**
Risk arbitrage / Special situations	17 bps
Long / short trading with short-term catalyst & Value	-87 bps
Credit strategies	**-125 bps**
Credit long / short	-132 bps
Capital structure arbitrage	7 bps
Trading	**-19 bps**
TOTAL	**-516 bps**

Disclaimer

The Company is established as a closed-ended investment company domiciled in Guernsey. The Company has received the necessary approval of the Guernsey Financial Services Commission and the States of Guernsey Policy Council. The Company is registered with the Dutch Authority for the Financial Markets as a collective investment scheme pursuant to article 2:73 in conjunction with 2:66 of the Dutch Financial Supervision Act (Wet op het financieel toezicht). The shares of the Company (the "Shares") are listed on Euronext Amsterdam. The Shares are also listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange plc's main market for listed securities.

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