BOUSSARD & GAVAUDAN HOLDING LIMITED

FEBRUARY 2012 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 ("the Fund"). In addition, a proportion of the net assets of BGHL may, at the discretion of the Investment Manager, be invested in other hedge funds and/or other financial assets selected by the Investment Manager. BGHL aims to generate a target annualised return in excess of 10% (net of all fees).

hfSB hedge fund standards board SIGNATORY Jan '12

III. SHARE INFORMATION (AS OF 29/02/2012)

Net Asset Value (NAV)	Euro share	Sterling share
Estimated NAV*	€14.2509	£12.9776
Estimated month to date return*	2.04%	2.17%
Estimated year to date return*	6.02%	6.13%
Estimated inception to date return*	42.51%	29.78%

Euro share	Amsterdam (AEX)	London (LSE)
Market close	€11.38	-
Premium / discount to estimated NAV	-20.15%	-

Sterling share	Amsterdam (AEX)	London (LSE)
Market close	-	GBX 1,005.0
Premium / discount to estimated NAV	-	-22.56%

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	3,568,336	-
Shares outstanding	**38,712,641**	**1,496,750**

	BGHL
Total value of the investments of BGHL based on the estimated NAV for the shares outstanding	€ 575 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*	€ 459 million

* Estimated figures

IV. BGHL COMPOSITION

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

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

A. BG FUND

European equity markets rallied in February with the Eurostoxx 50® up 3.9%. Volatilities on stock markets continued to decrease: the VDAX index moved to 21.0% from 22.5% and the VStoxx® index to 23.9% from 26.3%. Credit spreads tightened to 568bps (53bps of tightening).

Volatility strategies

Convertible bond arbitrage

Convertible bonds (excl. mandatories) returned +33bps* for the fund in February.

Our gains within this sub-strategy mostly came from the credit sensitive side of the portfolio which fully benefited from the build up to the second 3-year LTRO auction.

Our position in TUI Travel continued to yield positive investment returns this month. Majority shareholder TUI AG announced that they will further reduce their stake in Hapag-Lloyd – subject to approval from the shareholders of the Albert Ballin consortium – and that they will receive a cash inflow of €700m by mid-year as a result. In addition, in order to completely exit container shipping, TUI may trigger an IPO of Hapag-Lloyd any time as of the end of June 2012. Whilst this was clearly beneficial for investor sentiment on TUI's credit and their ability to buy out the minority shareholders of TUI Travel at some point in the future (the TUI Travel convertibles benefit from a change of control protection in the form of a ratchet and a change of control put), we believe the gains on our convertible bond position were actually primarily driven by the strong credit tightening that we witnessed across the board. Despite the impressive year-to-date performance, we believe the risk-reward on the 2014 convertible bond remains attractive taking into account the relatively short maturity, the operating performance, the funding and liquidity situation of the issuer.

Part of our gains also came from our investment in a 'soft-mandatory' convertible for an Italian bank. The bank is currently short on capital but benefits from an existing convertible bond which the issuer can decide to redeem early at 110% of par by issuing new shares. Such early redemption is the main driver of the bank's capital plan as it would provide the bank with more than 100bps of CT1. As most of the bank's peers, which had issued similar instruments, have already opted for early redemption, we expect the issuer of our bond to follow suit. Meanwhile, like most European banks, the issuer also engaged in a Liability Management Exercise this month, which further supported our position.

The rest of our gains this month came from the gamma in our pure arbitrage book (delta hedged CBs + CDSs).

On the primary side, the long-awaited return of new issues finally took place with four transactions raising more than €4.7bn in total. Pescanova (fish processing) in Spain and Nexans (cables manufacturing) in France came to the convertibles market with two small repeat issues, both due in 2019. The former priced at the best end of terms for investors (€160m, 8.75% coupon vs. 8.00-8.75%, and 25% conversion premium vs. 25-30%) whilst the latter was expensive (€275m, 2.5% coupon vs. 2.5-3.0%, 35% premium vs. 30-35%). LNG tankers company Golar LNG also issued US$ 250m of bonds due 2017 with a 3.75% quarterly coupon (vs. 3.00-3.75%) and a 25% premium (vs. 25-30%). The most interesting and significant deal came from Siemens in Germany. The company issued US$ 3.0bn in 2 tranches of bonds with warrants attached. The deal was expensive at 37.5% premium, 1.05% coupon on the 2017 bonds, and 1.65% on the 2019 bonds, which we believe made it unattractive to arbitrage investors. The issuer was able to extract such aggressive terms as it offered a rare opportunity for exposure to a strong, German, investment grade credit. Such primary activity was eventually disappointing from our standpoint as it did not provide us with attractive entry points; it is still positive, though, as it helped renew the European convertibles universe and therefore may provide future opportunities.

* Estimated figures

New convertible issuance 2012 YTD (Europe and Asia)

								Size	Senior unsecured issuer rating		Issue rating	
Date	Issuer-underlying	Country	Ccy	Coupon	Maturity	Yield	Premium	(mn)	S&P	Moody's	S&P	Moody's
29 Feb	Yaskawa Electric	Japan	JPY	0.00%	16 Mar 2017	-0.50%	41.9%	13000	NR	NR	NR	NR
28 Feb	Golar	Norway	USD	3.75%	07 Mar 2017	3.75%	25.0%	250	NR	NR	NR	NR
21 Feb	Nexans	France	EUR	2.50%	01 Jan 2019	2.50%	35.0%	275	BB+	NR	NR	NR
09 Feb	Siemens	Germany	USD	1.65%	16 Aug 2019	1.65%	37.5%	1500	A+	A1	NR	A1
09 Feb	Siemens	Germany	USD	1.05%	16 Aug 2017	1.05%	37.5%	1500	A+	A1	NR	A1
07 Feb	Pescanova	Spain	EUR	8.75%	17 Feb 2019	8.75%	25.0%	160	NR	NR	NR	NR
02 Feb	SM Investment Corp	Philippines	USD	1.63%	15 Feb 2017	2.88%	20.0%	250	NR	NR	NR	NR
30 Jan	African Minerals	UK	USD	8.50%	10 Feb 2017	8.50%	35.0%	350	NR	NR	NR	NR
30 Jan	Pegatron	Taiwan	USD	0.00%	06 Feb 2017	1.50%	12.0%	300	NR	NR	NR	NR
12 Jan	Wistron	Taiwan	USD	0.00%	19 Jan 2015	1.50%	20.0%	280	NR	NR	NR	NR

Note: Ratings at time of issue. Source Bloomberg, Barclays Capital

All the new deals above were eventually well received by the market and traded at or above par in the aftermarket. We believe this reflects the strong pent-up demand for new issues in a context where, on the one side, European convertibles investors seems to have stabilised their fund sizes and are actually now looking to put at work the significant cash balances they had built-up in anticipation of potential redemptions, and where, on the other side, the investible universe continues to shrink. The picture is not materially different on the secondary side where levels remain expensive and liquidity is poor.

Mandatory convertible bond arbitrage

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

As was the case at the end of 2011, realised volatility decreased over the month, which primarily negatively impacted our gamma hedges, but we benefited from tighter interbank 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

Gamma trading posted a negative -5bps* performance this month. Long volatility positions were difficult to carry (not a single day move on the Eurostoxx 50®) and therefore implied volatilities dropped. At the start of the month the focus was on Greece. The PSI talks were postponed on numerous occasions and stricter conditions regarding Greek austerity measures were required by Europe in order to release the tranche due in March. Implied volatilities remained elevated but dropped dramatically over the month as the macro data was strong and optimism mounted, due to the Greek agreement that was reached and to the forthcoming LTRO.

Our strategy mainly focused on earnings situations and we mostly ran gamma on high beta single stocks (financials and cars) where downside seemed limited. Our most successful gamma exposure was notably on Peugeot (+4bps*), which experienced a lot of intraday volatility due to the speculated General Motors alliance and capital increase. That offset small losses spread across other positions. With volatilities having reset lower following the earnings season, we continue to ramp up our gamma portfolio and remain vigilant.

Equity strategies

Market steadily rallied 3.9% (for the Eurostoxx 50®) with a low volatility in February. This rally was fuelled by expectations building on the LTRO at the end of the month and positive news-flow from the negotiations on the Greek PSI.

* Estimated figures

During the month we saw an increase in the number of block placings. Sellers took advantage of the market stabilisation to pursue their exit from their industrial participations. The pricing of those blocks was very competitive among banks which led to tight discounts, and in some cases mixed results. We only participated in a select number of deals. In the case of the sale of a TDC block from a private equity, for example, we did not initially participate. Morgan Stanley had to announce on the day following the placement that they had to buy 7% of the company. Due to this statement, the share price dropped 2% below the block price and we grabbed this opportunity to buy some shares, hedged with other European telcos: in an environment where Western European incumbents are expected to see EBITDA and cash flows decline in excess of 5% in 2012, triggering dividend cuts across the board, TDC appears to be the safest bet with an EBITDA guidance of 1% decline and a dividend which we do not believe to be at risk.

On the event driven side, the market is becoming more active, although still mostly on medium size deals: apart from the massive Glencore / Xstrata deal where UK shareholders are pushing for a better deal for Xstrata, TNT Express (€5bn) received a long awaited approach from UPS, Cable & Wireless Worldwide (£1bn) received interest from both Vodafone and Tata Communications, Cove Energy (£1bn) received an offer from Royal Dutch Shell followed by an improved offer from PTT Exploration and Production from Thailand. And some previously announced deals seem to becoming more competitive (rumors of interest on Mysis in the middle of its attempt to merge with Temenos, SS&C Technologies looking at GlobeOp which already received an offer from TPG). We expect corporates to remain very active and are deploying more capital in this special situation space.

In a normalised market less driven by macro news, we are seeing stocks moving for fundamentals reasons. Monitoring carefully liquidity, we are starting to play events like corporate earnings or investor presentations, when we expect a significant announcement. For example, we bought calls on STM ahead of their presentation in the mobile world congress in Barcelona, which resulted in a 7% bounce in the share price on the day. With a stabilised market and dropping volatilities, we are more active on “fundamental” trades using more and more options to express our views. Equities strategies contributed +51bps*.

Credit strategies

Credit strategies contributed +122bps* to the performance of the fund in February whilst capital structure arbitrage strategies were almost flat (+1bp*).

On the financial credit side, which returned 44bps*, bank capital continued to be well supported with the activity dominated by further Liability Management Exercises (LMEs) and the retirement of non-Basel 3 compliant instruments. The investment in short-dated callable instruments continued to perform well with Société Génerale announcing its intention to call its £ 5.75% Upper Tier 2 instrument at par on its first call date on 27 March. Furthermore, our investments in various Commerzbank subordinated instruments benefited from the voluntary debt-for-equity LME launched on 23 February on a selection of outstanding Tier 1 and Tier 2 instruments. In particular, the € 2016 5.321% Upper Tier 2 notes were offered a 82.5% theoretical purchase price, representing an approximate 10 points premium vis-à-vis the price on the day before the announcement. We believe the instrument remains an attractive and liquid investment due to its dated nature and cumulated coupons. Our position in the 7.75% 2021 Lower Tier 2 notes also performed well, despite not being involved in the exchange. Overall, the credit market welcomed the LME and the progress made by Commerzbank to comply with the EBA capital requirements by the end of the first half of 2012.

We were also involved in opportunistic trading around the voluntary tenders for cash launched by two Austrian national champions (Erste Group, Raiffeisen) on their outstanding Tier 1s securities. These LMEs offered an average 6-10 points premium to secondary levels. After having seen the Bank of Italy and Bafin in Germany implicitly change their focus to Core Tier 1, Austria had been the main remaining core European country not allowing LMEs, despite a pressing need for its banks to reinforce their equity capital ahead of the June 2012 deadline set by the EBA.

Our corporate (non financial) portfolio returned 78bps*. This was largely due to our Crossover position and to our investment in Pages Jaunes senior secured bonds.

On 15 February, Pages Jaunes announced its intention to suspend its usual dividend distribution to its shareholders. On the back of this announcement, the bonds jumped ~13 points in February (i.e. a tightening of 425bps, from Z+1815 to Z+1390). Whilst the company did mention this suspension was exceptional, it explained that this decision was aimed at ensuring maximum financial flexibility ahead of refinancing discussions with its creditors (€638m of bank debt expiring in

* Estimated figures

November 2013). The CFO announced that the group's main objective was to "progressively improve the debt structure", ideally in 2012. The next positive catalyst on this investment will be a positive resolution of the "Amend and Extend" discussions with 2013 bank debt creditors.

Trading

Trading posted +14bps* to the performance of the fund in February.

B. Private Equity Investments

On top of its investment in BG Fund, BGHL is invested into three private equity investments.

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.

Pursuant to BGHL's private equity valuation policy, the private equity valuation committee met at the end of December 2011 to review the performance of each investment and an update of external valuation benchmarks relevant to the portfolio companies. The private equity valuation committee decided to revise the value of the investments and has revised the net asset value of the private equity investments down by €0.4 million (i.e. 1.6%) as of 31 December 2011.

As of 29 February 2012, the net asset value of the other investments outside BG Fund represents approximately 5% of the net asset value of BGHL.

* Estimated figures

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 March 2012, assets under management are at €1.21bn.

Sincerely,

E. Boussard & E. Gavaudan

Investment manager

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Annex 1: BG Fund - Greeks

Delta	3.8%	3.8 bps P&L variation for market +1%
Gamma	1.3%	delta variation for market +1%
Vega	8.9 bps	by vol point
Vega with maturity weight (1/sqrt(T))	6.5 bps	by vol point
Theta	-0.9 bps	by day
Optional theta (-10%)	-1.8 bps	by day for market -10%
Rho	-0.3 bps	for 1 bp of interest rates increasing
Credit sensitivity	-7.7 bps	for 1% of credit spreads widening (in relative)

Annex 2: BG Fund - Performance attribution *

Volatility strategies	**27 bps**
Mandatory convertible bond arbitrage	-1 bps
Convertible bond arbitrage (incl. credit convertible bonds)	33 bps
Gamma trading	-5 bps
Warrant arbitrage	0 bps
Equity strategies	**51 bps**
Risk arbitrage / Special situations	14 bps
Long / short trading with short-term catalyst & Value	37 bps
Credit strategies	**123 bps**
Credit long / short	122 bps
Capital structure arbitrage	1 bps
Trading	**14 bps**
TOTAL	**215 bps**

Annex 3: BG Fund - Equity at risk

Volatility strategies	**20.9%**
Mandatory convertible bond arbitrage	4.2%
Convertible bond arbitrage (incl. credit convertible bonds)	13.8%
Gamma trading	2.9%
Warrant arbitrage	0.0%
Equity strategies	**19.7%**
Risk arbitrage / Special situations	1.3%
Long / short trading with short-term catalyst & Value	18.4%
Credit strategies	**8.8%**
Credit long / short	6.2%
Capital structure arbitrage	0.0%
Restructurings	2.6%
Trading	**1.9%**
TOTAL	**51.3%**

* Estimated figures

Annex 4: BG Fund - Gross exposure in M€		
Volatility strategies		
Mandatory convertible bond arbitrage	Long	276
	Short equity	251
	Short credit	135
Convertible bond arbitrage (incl. credit convertible bonds)	Long	290
	Short equity	86
	Short credit	32
Gamma trading	Long	221
	Short	221
Warrant arbitrage	Long	-
	Short	-
Equity strategies and Trading		
Equity strategies and Trading	Long	688
	Short	501
Credit strategies		
Credit long / short and Capital structure arbitrage	Long	311
	Short	110
Restructurings		
Restructurings	Long	42
	Short	-
GROSS EXPOSURE		**3,164**

	Long	**Short**
Mandatory convertible bond arbitrage and Convertible bond arbitrage	∑ market value long + ∑ notional long for CDS	Abs(∑[delta equity + options])
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 (notional short for CDS)	∑ Abs(market value short) + ∑ 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%**
												BG Fund		
2010	1.26%	0.37%	1.60%	0.74%	-1.49%	0.74%	2.01%	-0.34%	0.62%	2.02%	-0.14%	1.85%	9.56%	**72.31%**
2011	0.65%	0.38%	1.94%	-0.09%	-0.07%	-1.27%	-0.95%	-0.24%	-2.86%	2.47%	-4.50%	-0.49%	-5.08%	**63.56%**
2012	4.01%	2.15%*											6.24%*	**73.76%***

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%**
												BG Fund		
2010	1.24%	0.36%	1.58%	0.73%	-1.41%	0.77%	2.16%	-0.33%	0.67%	2.05%	-0.15%	1.88%	9.92%	**76.77%**
2011	0.65%	0.35%	1.93%	-0.15%	-0.12%	-1.35%	-1.00%	-0.30%	-2.72%	2.56%	-4.41%	-0.40%	-5.04%	**67.86%**
2012	4.03%	2.21%*											6.33%*	**78.49%***

* Estimated figures

** Inception to date figures starting 2011 combine Sark Fund , Boussard & Gavaudan Fund and BG Fund performances.

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%	1.04%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	0.15%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.30%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	-0.30%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-1.85%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	1.37%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0%	-1.51%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%	-2.58%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%	-2.71%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	-2.27%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -12.5%	-2.48%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -12.5%	-2.62%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -12.5%	-2.20%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 12.5%	-2.69%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 12.5%	-2.80%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 12.5%	-2.35%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-1.44%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.12%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-1.74%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	1.55%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	1.11%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.54%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-2.15%
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	1.42%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%	1.67%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	1.91%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	1.92%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.17%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%	2.42%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	1.29%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	1.53%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	1.78%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	1.79%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	2.03%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	2.28%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 25%	1.16%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 25%	1.40%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 25%	1.65%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 25%	1.66%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 25%	1.90%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 25%	2.15%
	Worst		**-2.80%**

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

Mandatories: Adj. price = 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%	1.37%
2	Delta - spot down	Spot : -10% ; Credit : 0% ; Vol : 0% ; Rates : 0%	-0.81%
3	Vega - vol up	Spot : 0% ; Credit : 0% ; Vol : 10% ; Rates : 0%	0.30%
4	Vega - vol down	Spot : 0% ; Credit : 0% ; Vol : -10% ; Rates : 0%	-0.30%
5	Credit spread widen	Spot : 0% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-1.85%
6	Credit spread tighten	Spot : 0% ; Credit : -25% ; Vol : 0% ; Rates : 0%	1.37%
7	Market crash 0.5	Spot : -5% ; Credit : 25% ; Vol : 15% ; Rates : 0%	-2.01%
8	Market crash 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 0%	-4.47%
9	Market crash 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 0%	-6.74%
10	Market crash 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 0%	-8.27%
11	Market crash, rates down 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : -12.5%	-4.37%
12	Market crash, rates down 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : -12.5%	-6.65%
13	Market crash, rates down 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : -12.5%	-8.19%
14	Market crash, rates up 1	Spot : -10% ; Credit : 50% ; Vol : 30% ; Rates : 12.5%	-4.58%
15	Market crash, rates up 2	Spot : -20% ; Credit : 75% ; Vol : 50% ; Rates : 12.5%	-6.83%
16	Market crash, rates up 3	Spot : -30% ; Credit : 100% ; Vol : 70% ; Rates : 12.5%	-8.35%
17	Equity Credit decorrelation 1	Spot : 5% ; Credit : 25% ; Vol : 0% ; Rates : 0%	-0.91%
18	Equity Credit decorrelation 2	Spot : 5% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-0.59%
19	Equity Credit decorrelation 3	Spot : 5% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-1.22%
20	Equity Credit decorrelation 4	Spot : -5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	1.15%
21	Equity Credit decorrelation 5	Spot : -5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	1.31%
22	Equity Credit decorrelation 6	Spot : 0% ; Credit : 25% ; Vol : 10% ; Rates : 0%	-1.54%
23	Equity Credit decorrelation 7	Spot : 0% ; Credit : 25% ; Vol : -10% ; Rates : 0%	-2.15%
24	Market rally 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 0%	1.84%
25	Market rally 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 0%	2.08%
26	Market rally 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 0%	2.33%
27	Market rally 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 0%	2.77%
28	Market rally 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 0%	3.02%
29	Market rally 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 0%	3.27%
30	Market rally, Inflation 1	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	1.70%
31	Market rally, Inflation 2	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	1.95%
32	Market rally, Inflation 3	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	2.20%
33	Market rally, Inflation 4	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 12.5%	2.64%
34	Market rally, Inflation 5	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 12.5%	2.89%
35	Market rally, Inflation 6	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 12.5%	3.14%
36	Market rally, Inflation 7	Spot : 5% ; Credit : -25% ; Vol : -10% ; Rates : 25%	1.57%
37	Market rally, Inflation 8	Spot : 5% ; Credit : -25% ; Vol : 0% ; Rates : 25%	1.82%
38	Market rally, Inflation 9	Spot : 5% ; Credit : -25% ; Vol : 10% ; Rates : 25%	2.07%
39	Market rally, Inflation 10	Spot : 10% ; Credit : -25% ; Vol : -10% ; Rates : 25%	2.51%
40	Market rally, Inflation 11	Spot : 10% ; Credit : -25% ; Vol : 0% ; Rates : 25%	2.76%
41	Market rally, Inflation 12	Spot : 10% ; Credit : -25% ; Vol : 10% ; Rates : 25%	3.01%
	Worst		**-8.35%**

Annex 7: BG Fund - IFRS 7 Classification as of 31 January 2012		
	% of NAV	**Number of positions**
Assets		
Level 1	32.9 %	76
Level 2	98.5 %	492
Level 3	4.7 %	11
Non trading balances (inc. Cash/repos)	29.3 %	2
Total Assets	**165.4 %**	**581**
Liabilities		
Level 1	-24.5 %	60
Level 2	-40.9 %	356
Total Liabilities	**-65.4 %**	**416**
Total Assets + Liabilities	**100 %**	**997**

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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- results in the past are no guarantee of future results;
- the investment performance of BGHL may go down as well as up. You may not get back all of your original investment; and
- if you are in any doubt about the contents of this communication or if you consider making an investment decision, you are advised to seek expert financial advice.

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VC 06.02.12.03