

GAM AGM 2020

30 April 2020



Q1 2020 Interim Management Statement

Acceleration of efficiency programme – cost reductions of CHF 65 million in 2020



Q1 2020 Results

- Announcing acceleration of the efficiency programme with total cost reductions of at least CHF 65m in 2020
- Assets under management of CHF 112.1 billion as at 31 March 2020 down from CHF 132.7 billion¹ at the end of 2019; mainly driven by overall negative market and FX movements; net inflows of CHF 1.2 billion in Private Labelling offset by net outflows of CHF 6.5 billion in Investment Management
- Investment performance and client risk appetite was impacted by the market turmoil in March but early signs of a recovery in performance and flows in April
- Operations remain resilient with all employees working remotely; appropriate liquidity has been maintained in all GAM funds
- GAM remains committed to its existing strategy and will provide a further update at the half-year results due for release on 4 August 2020
- GAM continues to maintain a robust capital and liquidity position with no debt and appropriate buffers
- SimCorp technology platform implementation is on track and supporting the accelerated efficiency programme
- GAM remains committed to the breadth of its investment management capability, client teams and Private Labelling Funds (PLF) platform.

Outlook

- Market environment to remain volatile over the coming months, GAM well positioned to continue to help clients actively navigate through challenging times by offering differentiated products through a global distribution footprint
- Acceleration of the efficiency programme as part of the strategy will support profitability

¹ Including CHF 0.3 billion of money market funds, which GAM agreed to sell to ZKB as announced with the H1 2019 results.

2020 AGM agenda

Highlighting main agenda items covered in this presentation – find full agenda [here](#)

- 2. Management report, parent company's and consolidated financial statements as well as compensation report for the year 2019, reports of the statutory auditors**
 - 2.2 Consultative vote on the compensation report 2019

 - 5. Elections of members of the Board of Directors**
 - 5.1 Re-election of Mr David Jacob as member and Chairman of the Board of Directors
 - 5.2 Re-election of Ms Katia Coudray
 - 5.3 Re-election of Ms Jacqui Irvine
 - 5.4 Re-election of Ms Monika Machon
 - 5.5 Re-election of Mr Benjamin Meuli
 - 5.6 Re-election of Ms Nancy Mistretta
 - 5.7 Election of Mr Thomas Schneider

 - 6. Elections to the Compensation Committee of the Board of Directors**
 - 6.1 Re-election of Ms Katia Coudray
 - 6.2 Re-election of Ms Nancy Mistretta
 - 6.3 Election of Ms Jacqui Irvine

 - 7. Compensation of the Board of Directors and the Group Management Board**
 - 7.1 Approval of the compensation of the Board of Directors
 - 7.2 Approval of the fixed compensation of the Group Management Board for the 2020 financial year
 - 7.3. Approval of the variable compensation of the Group Management Board for the 2019 financial year
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Proposed Board of Directors

A diverse and independent board with extensive asset management experience

David J. Jacob – Chairman



International experience
Investments
Independence¹
Tenure
External mandates

3 yrs
5

Nancy Mistretta – Chairwomen of the CC



International experience
Investments and executive search
Independence
Tenure
External mandates

4 yrs
2

Jacqui Irvine – Member of the BoD



International experience
Law and asset management
Independence
Tenure
External mandates

1yr
0

Benjamin Meuli – Vice Chairman of the BoD / Chairman of the AC



Strong Swiss and international experience
Insurance and financial services
Independence
Tenure
External mandates

4 yrs
4

Monika Machon – Chairwomen of the RC



International experience
Investments, banking and insurance
Independence
Tenure
External mandates

1 yr
2

Katia Coudray – Member of the BoD



Strong Swiss and international experience
Investments and product development
Independence
Tenure
External mandates

1 yr
2

Thomas Schneider – Member of the BoD



Strong Swiss and international experience
Audit and financial services
Independence
Tenure
External mandates

New
1

¹ GAM Holding AG believes that the nominees for election to the Board of Directors are independent. David Jacob served as interim CEO from November 2018 to September 2019, creating continuity and stability at a critical period in GAM's history and supporting shareholder interests. With regard to his independence, codes of best practice vary and no globally accepted standard has yet emerged. GAM took advice from a leading Swiss law firm on what steps to take to preserve David's independence during his period as interim CEO and has followed these steps. Abbreviations: CC = Compensation Committee; AC = Audit Committee; RC = Risk Committee.

Thomas Schneider as new BoD member

In-depth knowledge of auditing as well as of the Swiss and financial service market



Significant audit and leadership experience

- Managing director and chief auditor for Credit Suisse from 2014 – 2018
- Partner at EY with focus on Financial services from 1987 – 2014
- Worked for a number of Swiss and international financial services companies, including asset management institutions

Senior management and board experience

- Chairman of the BoD of Basellandschaftliche Kantonalbank

Education

- Certified Swiss Accountant, MSC in business administration

Key takeaways compensation 2019

Pay aligned with performance

FY19 business performance

- **Underlying profit before tax of CHF 10.5m**, down from CHF 126.7m in 2018
- **EPS of CHF 0.03**, down from CHF 0.63 in 2018
- **Net outflows of CHF 11.1bn**
- **Compensation ratio of 59.7%**
- **Share price decline of 28%** from CHF 3.86 to CHF 2.80 and **no dividend proposed for FY19**

Compensation framework

- **Remaining committed** to our compensation framework and principles
- **Zero bonus for GMB** given disappointing 2019 performance **but must balance the need to retain top talent** in order to deliver on our strategic turnaround plan
- **Maintaining compensation ratio target of 45–50%; reduced overall bonus pools for FY19** and **increased the level of deferrals into shares or fund units** for a significant proportion of non-GMB employees to 75% of variable compensation above CHF 50'000

2020 AGM

FY20 BoD compensation

- **Overall BoD fixed compensation** requested unchanged at CHF 2.35m
- The Board of Directors has reviewed its fee structures and, **in recognition of the market environment and the resulting impact on GAM**, will waive a portion of its fees, which would result in the **expenditure being 25% less than the CHF 2,350,000** being requested at the upcoming 2020 AGM

FY20 GMB fixed compensation

- **FY20 GMB fixed compensation proposed to be reduced by 25%** to CHF 4.5m from CHF 6m, reflecting a reduced number of GMB members from 1 April 2020
- **New CEO base annual salary of CHF 750'000**, with one-time fixed **share award of CHF 750'000**. **Fix cash award of CHF 250'000** foregone in recognition of disappointing 2019 financial performance

FY19 GMB variable compensation

- **Zero bonus for GMB members** – in line with our pay for performance principle
- **Vote on the GMB variable compensation is related to contractual obligation** toward GAM's former CEO Mr Alexander Friedman. This is within the 5% Group Management Board variable compensation cap

Compensation-related resolutions for AGM 2020

Agenda item 2.2: Consultative vote on the compensation report 2019

- Compensation framework in place since 2017
- Compensation principles provide a strong foundation for aligning our compensation with the overall expectations of our shareholders.

Agenda item 6: Election of the Compensation Committee of the BoD

- Re-election of Katia Coudray (6.1), and Nancy Mistretta (6.2), New election of Jacqui Irvine (6.3)

Agenda item 7.1: Approval of the compensation of the BoD

- Maximum aggregate amount of compensation for BoD for the period from AGM 2020 to AGM 2021 of CHF 2.35m – unchanged from previous year

Agenda item 7.2: Approval of the fixed compensation of the GMB for the 2020 financial year

- GMB fixed compensation capped at CHF 4.5m (down 25% from CHF 6m in FY 2019)
- GMB members from 7 to 4 – compensation reflecting reduced number of members and year of transition

Agenda item 7.3: Approval of the variable compensation of the GMB for the 2019 financial year

- Proposed total variable compensation of the GMB of CHF 459,948¹
- Payment to former GAM CEO in accordance with his employment contract
- No other member of the Group Management Board will receive variable compensation for the 2019 financial year

¹ Including social security and pension costs of CHF 6,491.

Voting instructions

No personal attendance – voting via the independent representative or online



No personal attendance possible due to coronavirus pandemic

- As a result of the exceptional circumstances due to the COVID-19 (coronavirus) pandemic, the Federal Swiss Council issued an ordinance regarding measures on combatting the coronavirus on 13 March 2020 (in its version as of 28 March 2020)
- The personal attendance of shareholders at the AGM on site is therefore not possible
- Shareholders shall exclusively be represented at this year's AGM by the independent proxy

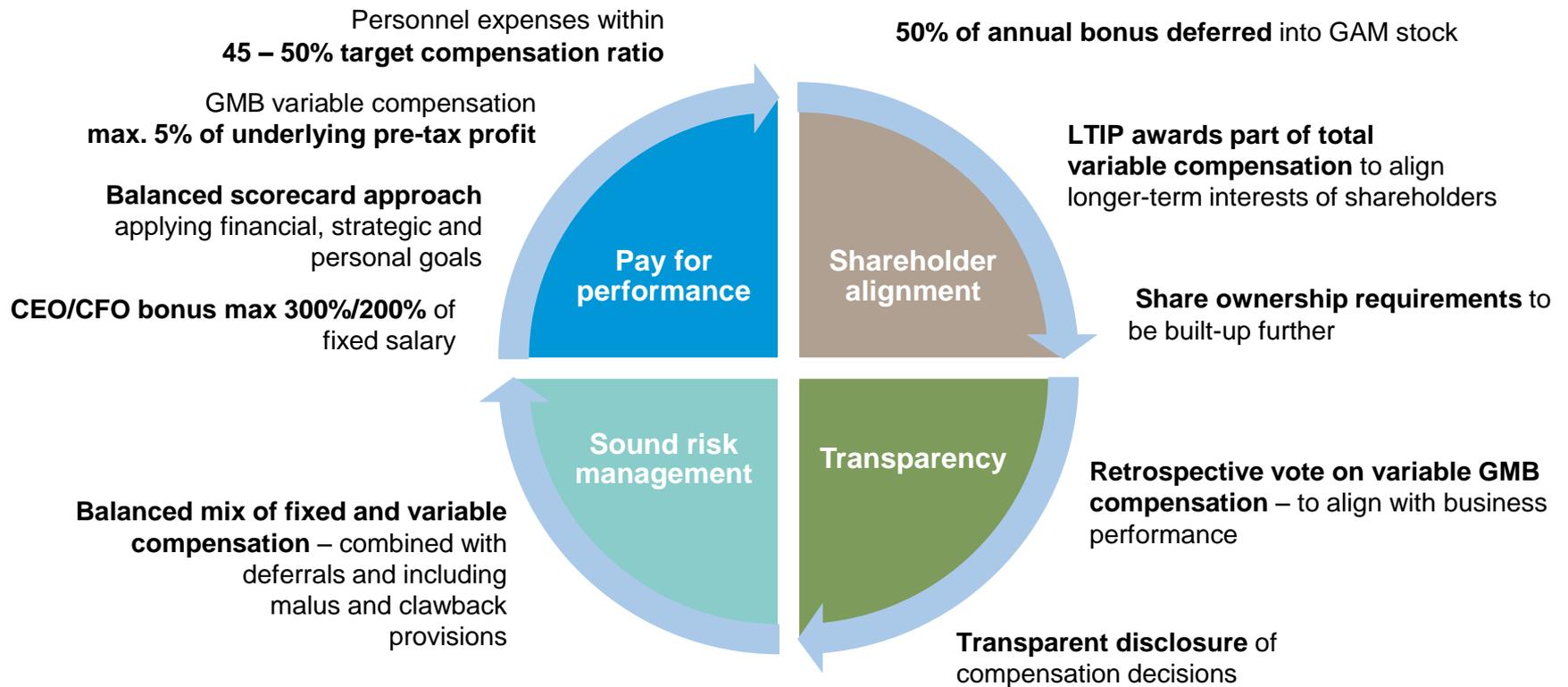
Voting via the independent representative only

- The invite to the AGM, including the authorization form was made public on 7 April 2020 and can be found [here](#)
 - Please send the authorisation form including your vote instructions by 29 April 2020 (receipt) to GAM Holding AG, Aktienregister, c/o Nimbus AG, Ziegelbrückstrasse 82, 8866 Ziegelbrücke, Switzerland OR vote online (until 28 April 2020, 23:59pm): <https://gamholding.shapp.ch>. Your identification and password credentials can be found on the authorisation form
 - Shareholders recorded in the company's share register with voting rights as at 21 April 2020 will be entitled to vote on the agenda items. No registrations and de-registrations of registered shares will be made in the share register from 21 April 2020 to 30 April 2020
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Appendix

GAM compensation framework

Consistent approach to compensation



Changes during 2019

- CEO bonus cap from 250% to 300%
- Annual bonus deferrals into shares or fund units increased to 75% of the bonus in excess of CHF 50'000 for a significant proportion of non-GMB employees (previously: 50% of the bonus in excess of CHF 75'000)

2019 compensation overview

Reduction in variable compensation reflective of decline in Group profits

in CHFm	Total Group			Total GMB			Group CEO ¹			Group CFO		
	2019	2018	Δ	2019	2018	Δ	2019	2018	Δ	2019	2018	Δ
Total fixed compensation	139.9	153.9	(9%)	5.43	7.59	(28%)	1.06	2.38	(55%)	0.76	0.79	(4%)
Total variable compensation ²	57.1	85.7	(33%)	-	5.03	(100%)	-	-	0%	-	0.23	(100%)
Total compensation	197.0	239.6	(18%)	5.43	12.62	(57%)	1.06	2.38	(55%)	0.76	1.02	(54%)

Total compensation

- **Significant reduction** of total compensation of **18% for the group** and **57% for the GMB**
- **Group compensation ratio** of 59.7%, exceeded target range of 45-50% and reflective of need for business stability

Fixed compensation

- **Total Group fixed compensation decline** driven by headcount reduction
- **GMB fixed compensation** declined as a result of lower compensation for CEO
- **CEO Peter Sanderson's** fixed salary of **CHF 0.75m** down from CHF 1.5m paid to former CEO Mr Alexander Friedman
- **One time fixed share award of CHF 0.75m** to align CEO with the key strategic goal of long-term shareholder value

Total variable compensation

- **Total Group** variable compensation down 33%, reflecting lower contractual and discretionary bonuses given decline in profits
- **Zero bonuses for GMB** assuming accountability for the weak business performance through 2019
- **CEO Peter Sanderson** not eligible for any variable compensation for 2019
- Vote on the GMB variable compensation related to contractual obligation toward GAM's former CEO Mr Alexander Friedman

¹ Including fixed and variable compensation for former CEO, Mr. Alexander Friedman, who stepped down on 6 November 2018. ² Excluding replacement awards and including all variable compensation-related items such as annual cash bonuses, deferred share bonuses, LTIP awards valued at fair value, as well as social security costs.

2019 details on GMB variable compensation

No annual bonus for CEO and CFO; Total GMB's variable compensation down 46%

in CHFm	Total GMB			Group CEO ¹			Group CFO		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Annual Bonus									
Cash payments	-	2.0	3.1	-	-	-	-	-	0.6
Deferred bonus	-	1.8	4.8	-	-	1.7	-	-	0.6
Pension fund / social security contributions	-	0.4	0.8	-	-	0.0	-	-	0.2
Total annual bonus	-	4.2	8.7	-	-	1.7	-	-	1.4
LTIP									
Performance shares	-	0.8	0.6	-	-	0.2	-	0.2	0.1
Social security contributions	-	0.1	0.0	-	-	0.0	-	0.0	0.0
Total LTIP	-	0.9	0.6	-	-	0.2	-	0.2	0.1
Total variable compensation	-	5.0	9.3	-	-	2.0	-	0.2	1.5

- 50% of GMB members' annual bonus are paid in cash with 50% delivered in GAM shares vesting equally over a four-year period
- LTIP in the form of performance shares, vesting over a three-year period with an additional two year holding period, linked to annual underlying EPS growth, three-year relative TSR performance and three- and five-year investment performance

¹ Including fixed and variable compensation for former CEO, Mr. Alexander Friedman, who stepped down on 6 November 2018.