

23 October 2018

PRESS RELEASE

GAM Holding AG: Interim management statement for the three-month period to 30 September 2018

- Group assets under management, including investment management and private labelling, of CHF 146.1 billion¹ at 30 September 2018, down from CHF 163.8 billion at 30 June 2018
- The unconstrained/absolute return bond (“ARBF”) strategies contributed CHF 10.8 billion² to the decrease in assets under management
- Investment management:
 - Assets under management of CHF 66.8 billion¹, down from CHF 84.4 billion at 30 June 2018, driven by the decline in ARBF-related assets under management as well as net outflows from non-ARBF strategies and negative foreign exchange and market movements
 - Non-ARBF strategies recorded net outflows of CHF 5.3 billion, against challenging market conditions for the industry and the impact from ARBF-related matters in August and September
 - Improving net flow trend in October 2018, so far, with net outflows diminishing
- Private labelling:
 - Assets under management of CHF 79.3 billion, compared to CHF 79.4 billion at 30 June 2018 as net inflows of CHF 0.4 billion and positive market movements were offset by negative foreign exchange movements
- Immediate and near-term measures being implemented to support the Group’s profitability

Group CEO Alexander S. Friedman said: “The consequences of the suspension of an ARBF investment director marked a clear setback for GAM. We are taking immediate and near-term measures to support GAM’s profitability. We have a stable and diversified business that we continue to build upon and we remain fully focused on delivering the investment returns expected by our clients.”

¹ Excluding CHF 1.9 billion ARBF-related assets in funds and CHF 0.4 billion ARBF-related assets in mandates that have subsequently been liquidated or will be liquidated in the coming months, depending on market conditions.

² Including CHF 5.4 billion ARBF-related assets in funds liquidated by 30 September 2018 and CHF 1.9 billion ARBF-related assets in funds and CHF 0.4 billion ARBF-related assets in mandates that have subsequently been liquidated or will be liquidated in the coming months, depending on market conditions.

Investment management

Assets under management decreased to CHF 66.8 billion³ from CHF 84.4 billion as at 30 June 2018, mainly driven by a decrease in ARBF-related assets under management of CHF 10.8 billion⁴, as well as net outflows of CHF 5.3 billion from non-ARBF strategies and negative foreign exchange and market movements of CHF 1.5 billion. During Q3 2018 the market environment continued to be challenging with clients remaining risk averse. In addition, the net outflow trend at GAM was impacted by ARBF-related matters in August and September.

All teams at GAM remain focused on working with its clients. During October 2018, so far, GAM has seen an improving flow trend with net outflows diminishing.

Investment performance continued to be strong, with 68% of investment management assets in funds outperforming their respective benchmark over the three-year period to 30 September 2018 (56% as at 30 June 2018). Over the five-year period, 54% of assets in funds were outperforming (57% as at 30 June 2018). Looking at Morningstar data, 77% and 78% (76% and 78% respectively as at 30 June 2018) of GAM's applicable investment management assets in funds are outperforming their respective peer groups.

Assets under management movements (CHF bn)

Capability	Opening AuM 30.06.2018	Net flows	Liquidated/ in liquidation	Market/FX movements	Closing AuM 30.09.2018
Absolute return (excl. ARBF)	3.4	(0.7)	-	(0.1)	2.6
Fixed income	38.6	(2.6)	-	(0.7)	35.3
Equity	12.5	(1.1)	-	(0.4)	11.0
Systematic	4.6	0.1	-	(0.1)	4.6
Multi asset	9.3	(0.7)	-	0.0	8.6
Alternatives	5.0	(0.3)	-	(0.2)	4.5
Total excluding ARBF	73.4	(5.3)	-	(1.5)	66.6
ARBF*	11.0	(3.2)	(7.7)	0.1	0.2
Total	84.4	(8.5)	(7.7)	(1.4)	66.8³

* As at 30 June 2018 including CHF 8.3 billion of assets in ARBF funds and CHF 2.7 billion of assets in ARBF-related mandates.

Excluding ARBF, the absolute return capability recorded net outflows of CHF 0.7 billion, mainly driven by the GAM Star Global Rates fund.

³ Please see footnote 1 on previous page.

⁴ Please see footnote 2 on previous page.

In fixed income, net outflows totalled CHF 2.6 billion. The GAM Star Credit Opportunities strategy, which predominantly invests in subordinated debt of investment grade or high quality issuers, experienced net outflows following a strong period of growth in assets under management since the beginning of 2017. The GAM Local Emerging Bond fund, which invests in debt of emerging countries denominated in or pegged to the respective local currency, recorded net outflows as clients became risk averse to emerging market assets in an environment of rising US interest rates and trade tensions.

In equity, net outflows were CHF 1.1 billion, with main outflows from the GAM Japan Equity and the GAM Star Continental European Equity funds, partly offset by some inflows into the GAM Health Innovation fund.

Systematic strategies recorded net inflows of CHF 0.1 billion, driven by inflows into the GAM Systematic Core Macro fund.

In multi asset products, redemptions of CHF 0.7 billion came mainly from institutional mandates in Switzerland.

Net outflows of CHF 0.3 billion in alternatives largely reflected redemptions in the GAM Commodity fund and in the fund of hedge funds business.

Private labelling

Assets under management in private labelling, which provides management company services for third parties, totalled CHF 79.3 billion compared to CHF 79.4 billion as at 30 June 2018. Net inflows amounted to CHF 0.4 billion, while market and foreign exchange movements led to a CHF 0.5 billion decrease in assets under management.

Assets under management movements (CHF bn)

Fund domicile	Opening AuM 30.06.2018	Net flows	Market/FX movements	Closing AuM 30.09.2018
Switzerland	34.2	(0.3)	0.4	34.3
Rest of Europe	45.2	0.7	(0.9)	45.0
Total	79.4	0.4	(0.5)	79.3

Update on ARBF funds in liquidation

The key priorities in liquidating the ARBF funds have been to protect clients' interests through the timely distribution of the liquidation proceeds and maximisation of value for investors. To date, between 82% to 91% of the Luxembourg and Irish-domiciled UCITS funds, and 66% to 72% of the assets in the Cayman and Australian feeder funds have been returned. Remaining assets will be liquidated over the coming months, dependent on market conditions. GAM expects to make further disbursements to investors in Q4 2018.

Update on strategic priorities

The key immediate and near term focus of the Group is on taking action to support profitability. GAM has identified levers that give the company more flexibility to meet this objective through adjusting discretionary spend, the level and timing of investment across the business and building further on its previously identified efficiency gains.

GAM continues to ensure the appropriate levels of investments required are made to build a well-controlled and scalable platform that will support business growth whilst recognising the decline in earnings related to the ARBF strategies.

The company has further enhanced its organisational structure in recent months, including the elevation of its Head of Investments to the Group Management Board and the creation of a front office control function.

GAM plans to update on its strategic priorities by its full-year results on 21 February 2019.

Chairman of the Board of Directors Hugh Scott-Barrett said: “The Board, together with management, remains focused on treating all our clients fairly, delivering on their expectations, stabilising the business and taking appropriate measures to support the Group’s profitability. As stated in August, we continue to review all avenues to optimise shareholder value.”

Outlook

Since the second quarter of this year, the industry has experienced more challenging market conditions which are likely to continue in the fourth quarter of 2018. GAM remains focused on protecting its clients’ interests and completing the liquidation of the ARBF portfolios. With its differentiated and specialised product offering, GAM continues to be well positioned to capture investor demand. The Group’s on-going focus is on delivering strong investment performance for its clients, while taking immediate and near-term action to support profitability.

Forthcoming events:

21 February 2019 **Full-year results 2018**
17 April 2019 **Interim management statement Q1 2019**

For further information please contact:

Media relations:

Marc Duceck
T +41 (0) 58 426 62 65

Fiona Kehily-Ives
T +44 (0) 20 7393 8651

Investor relations:

Patrick Zuppiger
T +41 (0) 58 426 31 36

Jessica Grassi
T +41 (0) 58 426 31 37

Visit us at: www.gam.com

Follow us on: [Twitter](#) and [LinkedIn](#)

About GAM

GAM is a leading independent, pure-play asset manager. The company provides active investment solutions and products for institutions, financial intermediaries and private investors. The core investment business is complemented by private labelling services, which include management company and other support services to third-party asset managers. GAM employs over 900 people in 14 countries with investment centres in London, Cambridge, Zurich, Hong Kong, New York, Milan and Lugano. The investment managers are supported by an extensive global distribution network.

Headquartered in Zurich, GAM is listed on the SIX Swiss Exchange and is a component of the Swiss Market Index Mid (SMIM) with the symbol 'GAM'. Excluding ARBF-related strategies in liquidation, the Group has assets under management of CHF 146.1 billion (USD 149.6 billion) as at 30 September 2018.

Disclaimer regarding forward-looking statements

This press release by GAM Holding AG ('the Company') includes forward-looking statements that reflect the Company's intentions, beliefs or current expectations and projections about the Company's future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industry in which it operates. Forward-looking statements involve all matters that are not historical facts. The Company has tried to identify those forward-looking statements by using words such as 'may', 'will', 'would', 'should', 'expect', 'intend', 'estimate', 'anticipate', 'project', 'believe', 'seek', 'plan', 'predict', 'continue' and similar expressions. Such statements are made on the basis of assumptions and expectations which, although the Company believes them to be reasonable at this time, may prove to be erroneous.

These forward-looking statements are subject to risks, uncertainties, assumptions and other factors that could cause the Company's actual results of operations, financial condition, liquidity, performance, prospects or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to: changing business or other market conditions, legislative, fiscal and regulatory developments, general economic conditions, and the Company's ability to respond to trends in the financial services industry. Additional factors could cause actual results, performance or achievements to differ materially. The Company expressly disclaims any obligation or undertaking to release any update of, or revisions to, any forward-looking statements in this press release and any change in the Company's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable law or regulation.