

Press Release

GAM acquires specialist US mortgage-backed securities business

Zurich, 5 June 2014

- **GAM has entered into agreements to acquire Singletery Mansley Asset Management, a US-based specialist in mortgage and asset-backed securities.**
- **The team will add a specialist skillset to GAM Holding AG's existing USD 17 billion unconstrained bond strategy and offer investors a new source of attractive risk-adjusted returns.**
- **GAM will launch a dedicated UCITS product in the third quarter 2014, based on the investment strategy managed by the team for the past 12 years.**

The principals of Singletery Mansley Asset Management – Gary Singletery and Tom Mansley – have entered into an agreement under which they and their investment team will join GAM. Singletery Mansley Asset Management was founded in 2002 and specialises in the evaluation and selection of complex mortgage and asset-backed securities based on analysis of macroeconomics, yield curves and underlying collateral structures.

The acquisition, structured as an asset purchase, is expected to close in June 2014. Subject to client consent, all of the company's assets under management (USD 397 million as at 30 April 2014) and its client relationships will be transferred to GAM.

Singletery Mansley has been managing mandates for institutions for 12 years. The team has built an exceptionally strong track record of absolute and relative outperformance through a number of market, interest rate and credit cycles, including the crisis in the US housing and financial markets in 2007/2008 where they outperformed through anticipating movements in yield curve and credit risk, and then capitalised on opportunities after the crisis. Their flagship managed account – which uses no leverage – generated net annualised returns of 13.7% from inception in October 2002 to 30 April 2014, with positive returns in every calendar year.

At a size of around USD 7 trillion, the US mortgage-backed securities market remains one of the largest, most liquid and diverse sectors in global fixed income. The market's complexity and depth plays to the strengths of experienced active managers who are skilled in understanding, controlling and profiting from a broad spectrum of risks.

Singletery Mansley invests in collateralised mortgage obligations (CMOs) guaranteed by government agencies, as well as in non-agency debt. Asset allocation and portfolio construction is driven by an analysis of interest rate, credit and prepayment risk and focuses on strong yield generation, liquidity and downside protection during sell-offs – an approach, which helped them to avoid exposures to sub-prime loans during the crisis.

For GAM Holding AG, this move represents an extension of its leading alternative and specialist fixed income capabilities. It will add a sought-after and distinct new specialist skillset to the Group's USD 17 billion unconstrained/absolute return bond strategy and bring the total number of investment professionals supporting this strategy to 21.

Singletery Mansley's offshore fund, launched in 2009, will be distributed under the GAM brand. In addition, in the coming quarter the Group plans to launch a new dedicated GAM-branded UCITS fund based on the same unlevered strategy the team has been managing

since 2002. Gary Singleterry and Tom Mansley and their team will be based in New York, where GAM has had an office since 1989.

David M. Solo, Group CEO of GAM Holding AG, said: “Gary Singleterry and Tom Mansley are enormously experienced and successful investors – their ability to navigate the severe market stress in 2007/2008 and produce strong positive returns speaks for itself. In particular, they share our Group’s commitment to a disciplined investment process based on deep analysis, combined with unconventional thinking. I look forward to having them on board and am convinced their skillset will be a tremendous addition to our current offering, allowing us to grow our asset base in line with our strategy.”

Gary Singleterry said: “We are very excited about joining GAM: Its global distribution network and its operational and compliance infrastructure will allow us to expand our reach into new markets and client segments. In particular, it will be great for us to work closely with GAM’s outstanding fixed income team and contribute to the future development and continued success of their unconstrained global bond strategy.”

Tom Mansley said: “The US market for mortgage-backed securities has been in a slow recovery mode over the past six years. Housing prices have improved, but remain affordable and mortgage underwriting standards became much stricter. The dominance of government-guaranteed issuance allows us to invest in a diverse universe of structured securities, and while private residential mortgage-backed securities issuance remains subdued, the secondary market for non-agency debt is highly attractive. Overall, this asset class offers interesting return opportunities and we look forward to making them accessible to a new and broader set of investors around the world.”

CV of Gary Singleterry

Gary Singleterry is the founder of Singleterry Mansley Asset Management and its CEO. He has been providing investment banking and advisory services for the mortgage and financial institutions industries for over 35 years and managing CMO derivatives portfolios for over 20 years. After starting his career in investment banking, he established and led the mortgage research and mortgage finance groups at Prudential Securities. He has also served on the National Advisory Council of the Federal National Mortgage Association (Fannie Mae). Gary Singleterry holds a BA in Applied Mathematics and Economics from Harvard College and earned an MBA from Stanford University.

CV of Tom Mansley

Tom Mansley serves as Singleterry Mansley Asset Management’s Chief Investment Officer (CIO). Before joining the company in 2008, he was a managing director and Head of Structured Products at Seix Advisors, an asset management subsidiary of SunTrust with USD 21 billion of fixed income assets under management. Prior to that, he held several senior roles at major global banks, particularly in trading and managing portfolios of mortgage-backed securities. He started his career in the financial services industry 25 years ago, in risk management. Tom Mansley holds a BS in mathematics and computer science as well as a MBA from Pace University and an MS in mathematics from the Courant Institute at New York University. He is also a CFA Charterholder.

For further information please contact:

Media Relations:

Zurich: +41 (0) 58 426 62 15

London: +44 (0) 20 7393 8656

Investor Relations:

+41 (0) 58 426 31 36

About GAM Holding AG

GAM Holding AG is an independent, pure-play asset management group with a focus on active investing. With global distribution networks and investment teams based in five investment centres in Europe, the US and Asia, it delivers investment solutions to institutions, intermediaries and private clients through two leading brands – Julius Baer Funds (distributed by Swiss & Global Asset Management) and GAM. The Group's investment management business is complemented by a private labelling unit which provides outsourcing solutions for third-parties.

Headquartered in Zurich, GAM Holding AG is listed on the SIX Swiss Exchange and is a component of the Swiss Market Index Mid (SMIM) with the symbol "GAM". The Group has total assets under management of CHF 115.3 billion (as at 31 March 2014) and employs over 1,000 staff in 10 countries.

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.