

20 April 2016

PRESS RELEASE

GAM Holding AG: Interim management statement for the three-month period to 31 March 2016

- Group assets under management of CHF 114.7 billion, down 4% from 31 December 2015
- Investment management:
 - Net outflows of CHF 3.1 billion as persistent market turbulence led to risk aversion among investors
 - Assets under management of CHF 67.3 billion, down 7% from 31 December 2015, driven by net outflows and the negative impact from a weakening of the US dollar and the British pound
- Private labelling:
 - Net inflows of CHF 1.1 billion
 - Assets under management of CHF 47.4 billion, up 1% from 31 December 2015, driven by net inflows, but partly offset by the negative impact from market and foreign exchange movements

Group CEO Alexander S. Friedman said: “The start to 2016 in financial markets has been highly turbulent, leading to risk aversion among investors and affecting industry-wide flows. This created a challenging backdrop for a number of our investment strategies. We remain highly focused on delivering investment performance.

Despite disappointing flows in the first quarter, the execution of our strategy is well on track. We are in the midst of completing the extensive transition of our business model, adding innovative products suitable to address our clients’ investment needs and working to enhance GAM’s external recognition, while managing our costs in a highly disciplined fashion.”

Investment management

Assets under management movements (CHF bn)

Capability	Opening AuM 31 Dec 2015	Net flows	Market/FX	Closing AuM 31 Mar 2016
Absolute return	23.1	-1.5	-0.7	20.9
Fixed income	18.6	-0.4	0.1	18.3
Equity	13.4	-0.8	-1.0	11.6
Alternatives	5.3	-0.1	0.1	5.3
Multi asset	11.9	-0.3	-0.4	11.2
Total	72.3	-3.1	-1.9	67.3

Investment management recorded net outflows of CHF 3.1 billion in the quarter as the turbulent market environment that started in the second half of 2015 continued. Assets under management fell to CHF 67.3 billion from CHF 72.3 billion as at 31 December 2015. Apart from net outflows, foreign exchange movements reflecting the weakening of the US dollar and the British pound against the Swiss franc and adverse market conditions negatively impacted asset levels by CHF 1.4 billion and CHF 0.5 billion, respectively.

In absolute return, GAM Star Keynes Quantitative Strategy, GAM Star European Alpha and GAM Star Financials Alpha were among the biggest contributors of net inflows in the quarter. Redemptions were concentrated in the unconstrained/absolute return bond strategy.

In fixed income, the JB Local Emerging bond fund was among those with the biggest net inflows in the quarter, reversing the trend after net outflows in 2015, while specialist strategies such as GAM Star MBS Total Return and GAM Star Cat Bond continued to attract net inflows. The JB ABS fund was among those with the greatest outflows, largely reflecting redemptions by one client.

In equity, the GAM Star Continental European Equity fund continued to attract solid net inflows in the quarter. The GAM Star China Equity, JB Japan and GAM Star Technology funds, on the other hand, posted net outflows amid a turbulent market environment.

Within alternatives, the JB Physical Gold fund led the products with the highest inflows, while traditional funds of hedge funds experienced redemptions, in line with industry trends.

In multi asset products, resilient net inflows in the risk rated model portfolios for UK independent financial advisers were not sufficient to offset the outflows from some institutional mandates.

Private labelling

Assets under management movements (CHF bn)

Fund domicile	Opening AuM 31 Dec 2015	Net flows	Market/FX	Closing AuM 31 Mar 2016
Switzerland	31.4	0.8	-0.4	31.8
Rest of Europe	15.3	0.3	0.0	15.6
Total	46.7	1.1	-0.4	47.4

Assets under management in private labelling, which provides fund solutions for third parties, rose to CHF 47.4 billion from CHF 46.7 billion as at 31 December 2015. Net inflows of CHF 1.1 billion were partly offset by a CHF 0.4 billion negative impact from market and foreign exchange movements.

Update on strategic initiatives

The implementation of the new operating model, as communicated in 2015, is progressing as planned. The largest back office migration step within the project, involving the transfer of the entire GAM Star range to State Street Fund Services (Ireland) Ltd, was successfully completed in March.

GAM's multi asset team under the leadership of Larry Hatheway launched two new target return strategies in March to complement existing offerings in the areas of relative return and risk rated solutions. As previously communicated, GAM plans a number of new fund launches in the next few months, including products in trade finance, real estate debt and the event driven space.

Update on share buy-back programme

In the first quarter of 2016 the Group bought back a total of 527,800 of its own shares at a cost of CHF 7.6 million for cancellation under the current share buy-back programme.

Outlook

Turbulent market conditions are likely to continue to weigh on client sentiment and flows in the near term. In addition, performance fees in the first half of 2016 are expected to be lower than the levels reported in the previous year.

With the execution of its strategic initiatives well under way and its commitment to cost discipline, GAM remains confident about delivering on its targets over the business cycle.

Forthcoming events:

27 April 2016 Annual General Meeting

29 April 2016 Ex-dividend date

2 May 2016	Dividend record date
3 May 2016	Dividend payment date
3 August 2016	Half-year results 2016
20 October 2016	Interim management statement Q3 2016

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About GAM

GAM is one of the world's leading independent, pure-play asset managers. The company provides active investment solutions and products for institutions, financial intermediaries and private investors under two brands: GAM and Julius Baer Funds. 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 1,000 people in 11 countries with investment centres in London, 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'. The Group has assets under management of CHF 114.7 billion (USD 119.8 billion) as at 31 March 2016.

Disclaimer regarding forward-looking statements

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