

18 April 2017

## PRESS RELEASE

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### **GAM Holding AG: Interim management statement for the three-month period to 31 March 2017**

- Group assets under management up 5% to CHF 126.9 billion from 31 December 2016
- Overall net inflows of CHF 2.8 billion
- Investment management:
  - Assets under management of CHF 69.9 billion, up 2% from 31 December 2016, driven by positive investment performance, partly offset by negative foreign exchange movements
  - Net outflows of CHF 0.1 billion, with strong net inflows into fixed income and systematic strategies offset by redemptions in other capabilities
- Private labelling:
  - Assets under management of CHF 57.0 billion, up 9% from 31 December 2016, driven by net inflows and positive market movements
  - Net inflows of CHF 2.9 billion

**Group CEO Alexander S. Friedman said:** “Our strategy is starting to deliver results: net flows and investment performance both improved significantly in the first quarter. It is pleasing to see the strong inflows into our specialised fixed income and systematic products. The demand for absolute return strategies is turning the corner, and we are addressing challenges around our equity capability, where our new head of equities hired last month is already playing a key role. We are also making great progress in implementing our new distribution strategy.

We are on track to transform GAM and I am confident that the actions we have taken, and continue to take, will accelerate this improvement and enable us to deliver on our targets over the business cycle.”

**Hugh Scott-Barrett, member of the Board of Directors and the proposed Chairman, said:** “My fellow members on the Board of Directors and I are pleased with the strong improvement in the Group’s performance in the first quarter. As we start to see our strategy deliver tangible results, I urge all our shareholders to fully support the candidates proposed by the Board and vote against those candidates proposed by RBR at our upcoming AGM. I am pleased that our largest shareholder, Silchester

International Investors LLP, is intending to fully support our Board's recommendations regarding Board composition.

We firmly believe that our strategy is the right one to deliver sustainable long-term value for our shareholders, whilst RBR's plan would destabilise the business at a critical point in its turnaround.

The Board of Directors is determined to deliver on the previously announced plans for greater operating efficiencies. Our focus on efficiency is relentless, and we expect there will be further opportunities for additional cost savings as we execute and make progress on our current significant change programme.

Furthermore, as Chairman, I will personally oversee a comprehensive review of the Group's compensation structures and policies, with a focus on Group Management Board individual and total compensation, and on a greater alignment of remuneration with the long-term success of the business. This review will be led by Nancy Mistretta, who joined our Board last year and is a former partner at Russell Reynolds Associates. Nancy will be assisted by our newly proposed director, David Jacob, an experienced asset management leader and former member of the Board of Directors of Henderson Group Plc. In addition, this review will be conducted in consultation with shareholders. Our CEO, Alexander Friedman, has requested that alongside this review, any variable compensation awarded to him for 2017 be only in the form of long-term restricted shares and be capped at no more than his fixed pay."

## Investment management

### Assets under management movements (CHF bn)

Capability	Opening AuM 31 Dec 2016	Net flows	Market development	FX development	Closing AuM 31 March 2017
Absolute return	16.3	(0.5)	0.4	(0.1)	16.1
Fixed income	20.8	1.9	0.6	(0.1)	23.2
Equity	12.5	(1.6)	0.6	-	11.5
Systematic	3.8	0.5	0.1	(0.1)	4.3
Multi asset	9.6	(0.4)	0.3	(0.1)	9.4
Alternatives	5.2	-	0.2	-	5.4
<b>Total</b>	<b>68.2</b>	<b>(0.1)</b>	<b>2.2</b>	<b>(0.4)</b>	<b>69.9</b>

Assets under management increased to CHF 69.9 billion from CHF 68.2 billion as at 31 December 2016 as net outflows of CHF 0.1 billion and a negative impact from foreign exchange movements were more than offset by positive market performance in the period.

Investment performance has improved significantly, with 80% of investment management assets in funds outperforming their respective benchmark over the five-year period to 31 March 2017 (68% as at 31 December 2016). Over the three-year period, 67% of assets in funds outperformed (60% as at 31 December 2016).

In absolute return, we saw the unconstrained/absolute return bond strategy return to positive net inflows and the merger arbitrage strategy continue with good inflows. These inflows were offset by redemptions from the Global Rates strategy and the JB Absolute Return Europe Equity Fund.

In fixed income, GAM Star Credit Opportunities and the JB Local Emerging Bond Fund continued to generate strong net inflows along with the GAM Star MBS Total Return fund.

In systematic, the alternative risk premia strategy generated strong inflows which are expected to continue, and Cantab strategies have performed well and are attracting client interest.

In equity, outflows reflected redemptions from global equity mandates and a number of regional strategies. The combined global equity team, including THS, strengthens the firm's capabilities in this important area.

In multi asset products, redemptions came mainly from one institutional mandate and legacy managed portfolios of private clients.

### Private labelling

#### Assets under management movements (CHF bn)

Fund domicile	Opening AuM 31 Dec 2016	Net flows	Market development	FX development	Closing AuM 31 March 2017
Switzerland	31.7	0.3	1.1	(0.1)	33.0
Rest of Europe	20.8	2.6	0.6	-	24.0
<b>Total</b>	<b>52.5</b>	<b>2.9</b>	<b>1.7</b>	<b>(0.1)</b>	<b>57.0</b>

Assets under management in private labelling, which provides fund solutions for third parties, rose to CHF 57.0 billion from CHF 52.5 billion as at 31 December 2016, driven by net inflows of CHF 2.9 billion and positive market and foreign exchange movements.

### Update on strategic initiatives

In January 2017, Tim Rainsford joined from Man Group as GAM's global head of distribution. In the first quarter, under Tim's leadership, GAM made rapid progress in implementing its new distribution strategy, upgrading its capabilities to ensure alignment for growth in each of its core markets. This includes the creation of a new team to cover global consultants, new sales leadership in the UK and in Asia Pacific, and a new head of institutional sales for the Middle East. In addition, earlier this month, a critical new appointment has been made for the global head of marketing.

Matthew Beesley, former head of global equities at Henderson, joined GAM in March 2017 in a new role as head of equities to work together with the various equity teams to optimise performance and risk management and to ensure strong links with the distribution teams.

The company is on track with its significant change programme to deliver operating efficiencies, including the adoption of a single data architecture. Cost discipline remains a key priority, and GAM expects to

realise further efficiencies in a controlled manner, appropriately sequenced to meet client needs and regulatory obligations.

## Outlook

The strong performance in many of GAM's strategies bodes well for continued improvement in net flows in investment management for the rest of 2017. GAM remains confident in delivering on its targets over the business cycle, given good progress on its strategic initiatives.

### Forthcoming events:

<b>27 April 2017</b>	Annual General Meeting
<b>2 May 2017</b>	Ex-dividend date
<b>3 May 2017</b>	Dividend record date
<b>4 May 2017</b>	Dividend payment date
<b>3 August 2017</b>	Half-year results 2017
<b>19 October 2017</b>	Interim management statement Q3 2017

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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 about 1,000 people in 12 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'. The Group has assets under management of CHF 126.9 billion (USD 126.8 billion) as at 31 March 2017.

**Disclaimer regarding forward-looking statements**

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