

# Results and Review Full Year 2016

2 March 2017



# Agenda



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**2016 Highlights**

**Alexander S. Friedman, Group CEO**

**2016 Financial Results**

**Richard McNamara, Group CFO**

**Business Strategy and Outlook**

**Alexander S. Friedman, Group CEO**

**Q&A session**

**Appendix**

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# **2016 Highlights**

**Alexander S. Friedman, Group CEO**

# GAM's Positioning



Active, specialist investment manager dedicated to delivering superior returns for our clients

<b>Positioned for industry trends</b>	<ul style="list-style-type: none"><li>• Specialist capabilities positioned to benefit from industry 'barbell dynamics'</li><li>• Continuous adaption to client needs: product shelf undergoing simplification and upgrade</li><li>• Flexible at time of rapid industry change - management repositioning company for success</li></ul>
<b>Specialist, pure-play investor</b>	<ul style="list-style-type: none"><li>• True high tracking error, high-conviction investing</li><li>• Independent, entrepreneurial culture enables strength in recruiting and retaining top investment talent</li></ul>
<b>Clear strategy to drive long-term growth</b>	<ul style="list-style-type: none"><li>• Long-term investment performance excellent; short-term issues being addressed and improving</li><li>• Differentiated product offering in sweet spot of client demand</li><li>• Global distribution capabilities undergoing major upgrade</li><li>• Cost reduction programme on track and operating efficiency to improve significantly</li></ul>
<b>Capitalised to pursue investment for growth</b>	<ul style="list-style-type: none"><li>• Strong new product innovation in attractive segments</li><li>• Seeding programme enables continuous organic product development</li></ul>
<b>Long-term shareholder value creation</b>	<ul style="list-style-type: none"><li>• Investing to support long-term growth according to our strict financial criteria</li><li>• Committed to sustainable and progressive dividends</li><li>• Return of excess capital via share buy-backs</li></ul>

# Achievements 2016

Foundation being laid for sustainable long-term shareholder value creation

## Repositioning GAM

- GAM as single master brand after termination of Julius Baer licence agreement
- Strengthened senior leadership team with key external and internal appointments
- Added leading investment professionals in quantitative and equities segments
- Increased external recognition through thought leadership campaign

## Operating efficiency

- Outsourcing of back and middle office to State Street
- 2016 costs down 15% (CHF 62m) since 2014, excluding acquisitions
- Continuous streamlining of product shelf: 66 strategies merged or closed since 2015

## Business expansion and diversification

- New strategic platforms and expertise added:
  - Acquisition of Cantab / Launch of GAM Systematic
  - Acquisition of Taube Hodson Stonex (THS) / Global equities
  - Partnership in Trade Finance / Fixed income
  - Team hire / European merger arbitrage
- Successful launch of innovative investment products:
  - Multi-asset: 2 Target Return strategies
  - Systematic: Global Equity Market Neutral and Diversified Macro UCITS

# 2016 Financial Summary



Subdued investment performance impacts performance fees and financial results

in CHF, except where indicated	2015	2016
Total year-end AuM (bn)	119.0	120.7
Investment management (bn)	72.3	68.2
Private labelling (bn)	46.7	52.5
Investment management net flows (bn)	0.3	(10.7)
Three-year investment outperformance <sup>1</sup> (%)	61	60
Underlying profit before taxes (m)	197.8	120.1
Diluted underlying EPS	0.98	0.60
IFRS net profit (m)	138.3	134.3
Diluted IFRS EPS	0.86	0.85
Proposed dividend per share	0.65	0.65

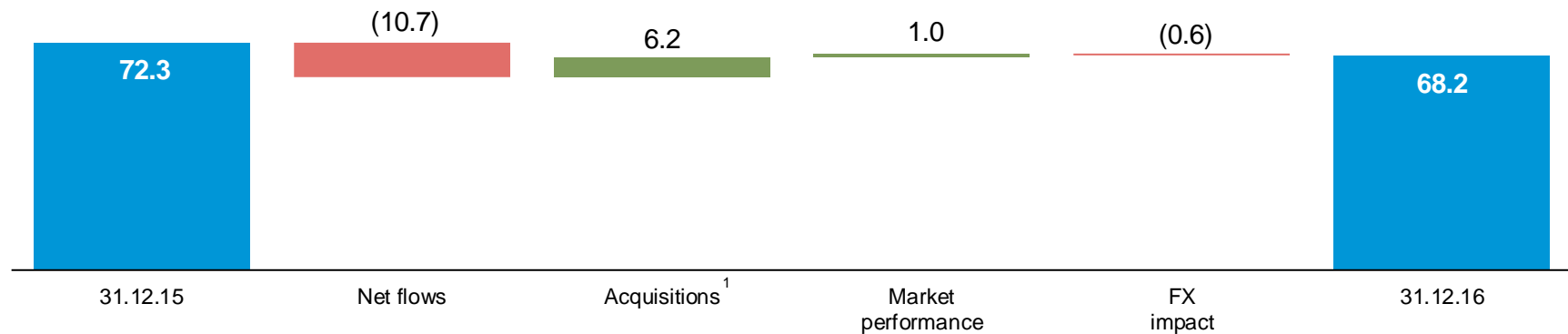
<sup>1</sup> % of AuM in funds outperforming their benchmark (excluding mandates and segregated accounts).

# AuM Movement Summary

Business diversification through strategic acquisitions partly offsetting IM outflows

## Investment management

in CHF bn



## Private labelling

in CHF bn

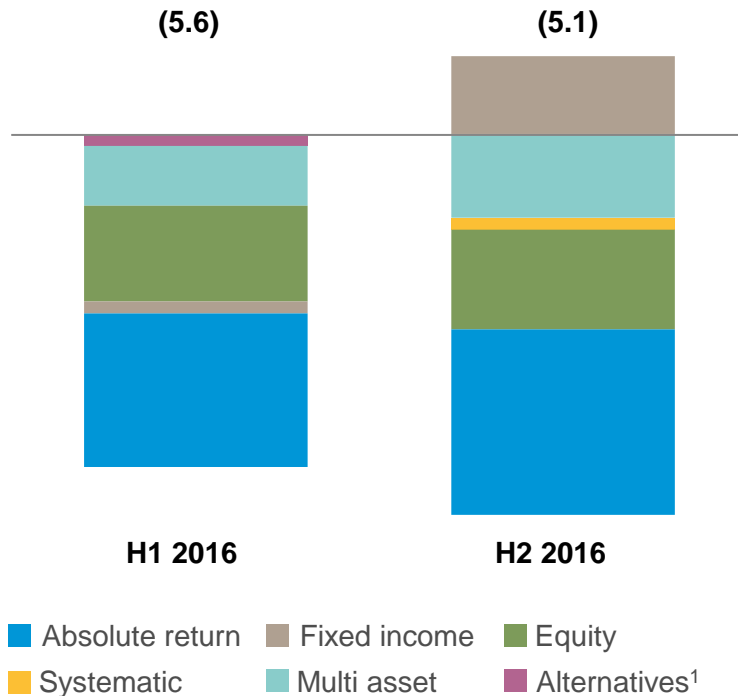


<sup>1</sup> Includes AuM of CHF 2.2bn relating to the acquisition of THS (closed 31.08.2016) and CHF 4.0bn relating to the acquisition of Cantab (closed 03.10.2016).

# Investment Management Net Flows

Flows impacted by investment performance and sector specific headwinds

in CHF bn



## Net flows in 2016

### Absolute return (CHF -5.7bn)

- The JB Absolute Return Europe and GAM Star Global Rates funds were impacted by client redemptions
- Outflows from unconstrained fixed income slowed markedly in H2 2016

### Fixed income (CHF +1.1bn)

- Strong inflows in credit opportunities, local emerging bond and trade finance strategies
- Continued net inflows in cat bonds and mortgage-backed securities strategies

### Equity (CHF -3.3bn)

- Japan and China equity net outflows driven by sector sentiment
- Net outflows from global equity and related segregated mandates

### Systematic (CHF -0.2bn)

- Minor outflows from CCP Quantitative and Core Macro funds

### Multi asset (CHF -2.4bn)

- Net outflows from legacy private client business and some low-margin segregated mandates

### Alternatives (CHF -0.2bn)

- Net outflows from legacy funds of hedge funds
- Net inflows in JB Physical Gold Fund

<sup>1</sup> Includes funds of hedge funds and commodities.



# Investment Performance

Solid investment performance over three and five years

Capability	Investment performance <sup>1</sup>	
	3 years	5 years
Fixed income	74%	73%
Absolute return <sup>2</sup>	43%	92%
Equity	55%	40%
Alternatives <sup>3</sup>	47%	47%
Systematic <sup>4</sup>	100%	0%
<b>Total<sup>2</sup></b>	<b>60%</b>	<b>68%</b>

<sup>1</sup> % of AuM in funds outperforming their benchmark (excluding mandates and segregated accounts).

<sup>2</sup> Excluding the unconstrained / absolute return bond strategy, the total investment performance would be 66% and the absolute return capability 54% for three years.

<sup>3</sup> Reflects performance of products in alternative investments solutions only.

<sup>4</sup> Reflects performance of the CCP Quantitative Fund, which outperformed its benchmark in most years, but not in 2013 during the equity market rally.

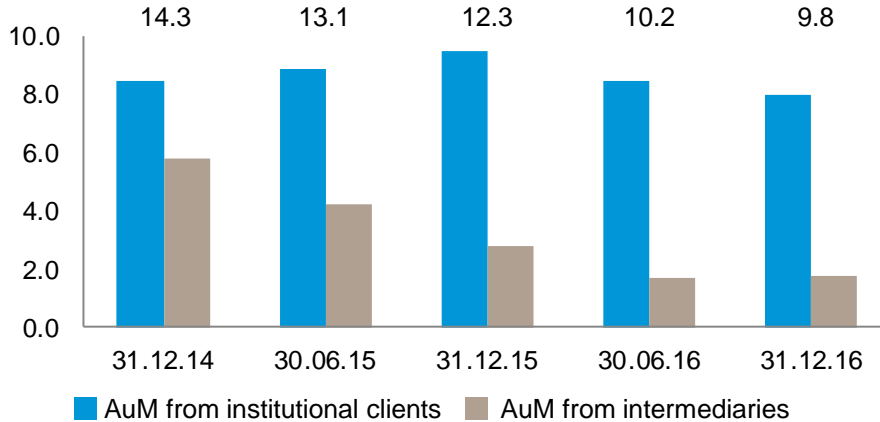
# Absolute Return Bond Strategy – Performance Turnaround



AuM stabilising – top quartile in relevant peer group<sup>1</sup>

## AuM development

in CHF bn



## Successful implementation of measures to improve investment performance

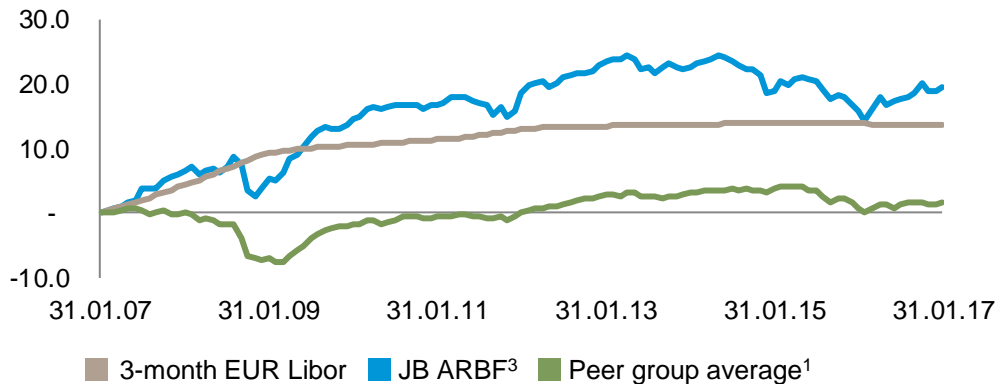
- Increased allocation to model-based strategies
- Introduced exposure to trade finance
- Reduced outflows in H2 2016 (CHF 0.8m) versus H1 2016 (CHF 1.8m)
- AuM from intermediaries stabilised

## Strong turnaround in one-year<sup>2</sup> investment performance:

- +3.3% for absolute return bond fund<sup>3</sup>
- +6.1% for absolute return bond fund plus<sup>3</sup>
- +1.6% for absolute return bond fund defender<sup>3</sup>

## 10-year investment performance<sup>2</sup>

in %



## Consistent and successful investment process since inception

- Stable team
- Excellent long-term performance track record
- Diverse global client base

<sup>1</sup> One-year performance as at 31.12.16 according to GAM's peer group analysis. See page 46 for detailed information on peer group constituents.

<sup>2</sup> As at 31.01.17.

<sup>3</sup> JB BF Absolute Return-EUR/Share class B; -Plus-EUR/Share class B; -Defender-EUR/Share class B.

# 2016 Financial Results

Richard McNamara, Group CFO

# Financial Summary

Decline in income partly offset by continued cost control

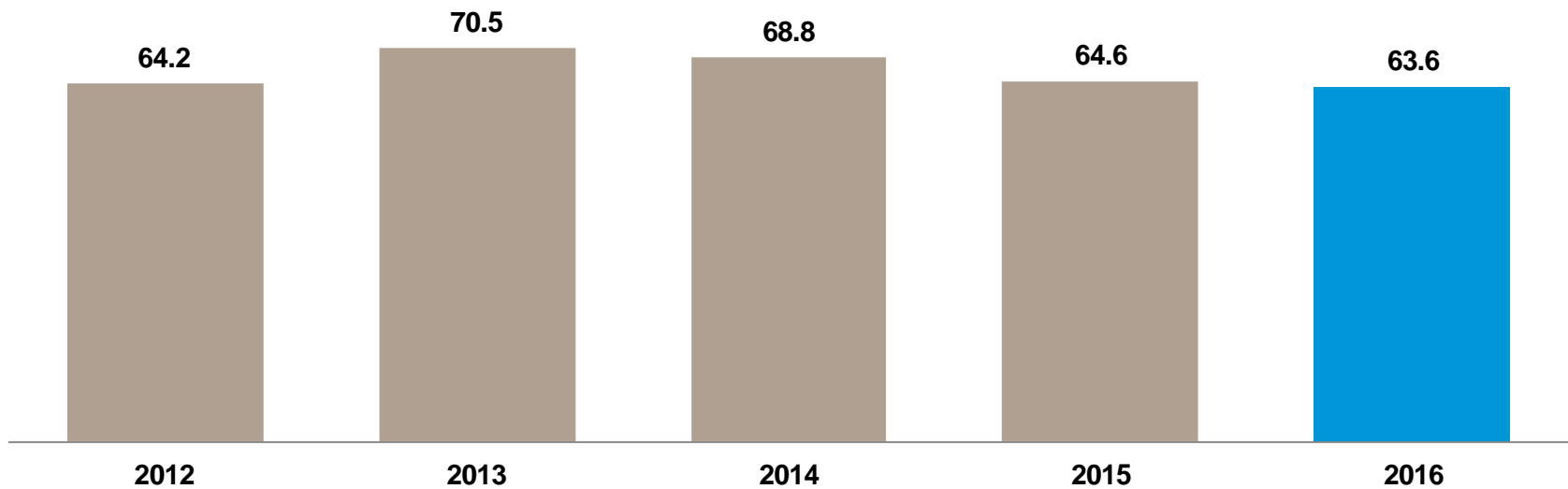
in CHF m, except where indicated	2015	2016	Change
Net management fees and commissions	517.8	470.5	(9%)
Net performance fees	82.8	3.0	(96%)
<b>Net fee and commission income</b>	<b>600.6</b>	<b>473.5</b>	<b>(21%)</b>
Net other income	0.7	5.1	629%
<b>Income</b>	<b>601.3</b>	<b>478.6</b>	<b>(20%)</b>
Expenses	403.5	358.5	(11%)
<b>Underlying profit before taxes</b>	<b>197.8</b>	<b>120.1</b>	<b>(39%)</b>
Underlying income tax expense	39.4	25.9	(34%)
Underlying net profit	158.4	94.2	(41%)
<b>Diluted underlying EPS (CHF)</b>	<b>0.98</b>	<b>0.60</b>	<b>(39%)</b>
Underlying effective tax rate (%)	19.9%	21.5%	8%

# Management Fee Margin

2016 and future margins positively impacted by the termination of the JB licence fee agreement

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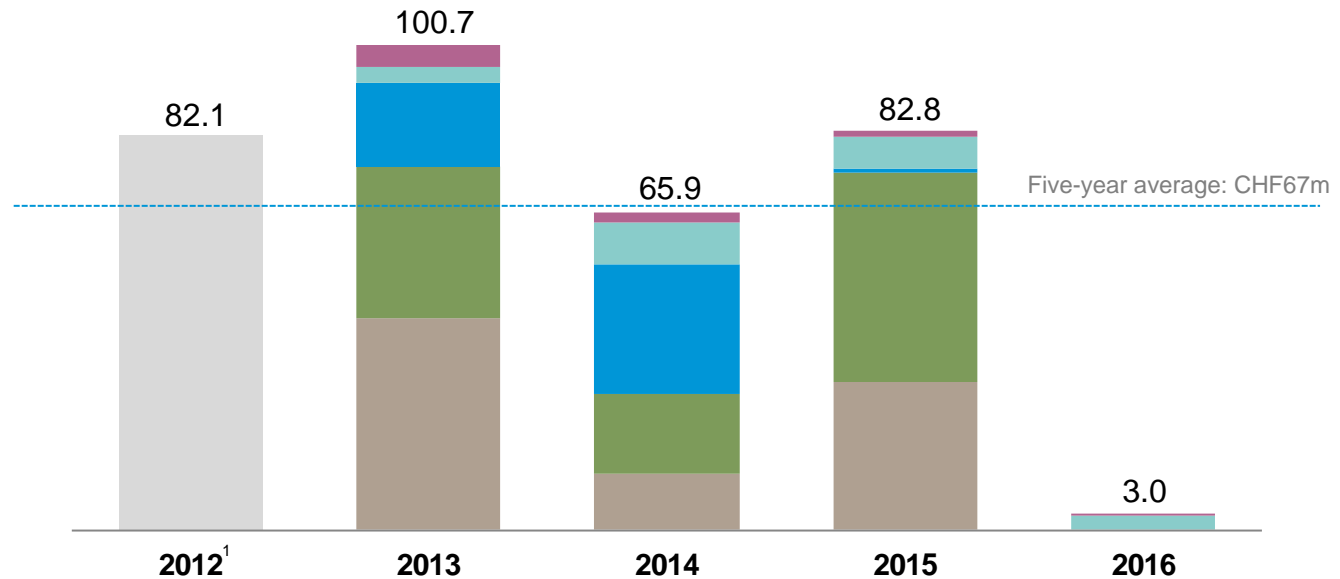
in bps



# Net Performance Fees

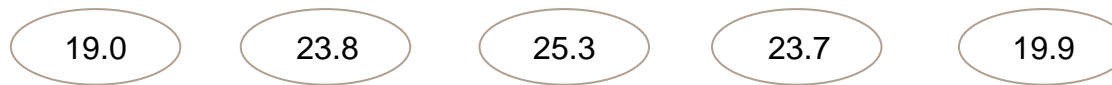
Approximately 30% of our investment management AuM has performance fee potential

in CHF m



## Performance fee eligible assets

as at 31 December (in CHF bn)



- Global macro/managed futures
- Non-directional equity
- Unconstrained fixed income
- Other fixed income strategies
- Other

<sup>1</sup> Comparable split for 2012 not available.

# Deep Dive on Performance Fees

ARBF near high-water marks



		As at 31.12.16				
	Fund	AuM (CHF bn)	% (below) / above HWM <sup>1</sup>	Crystallisation date	Performance fee rate	Last HWM date
<b>Absolute Return Bond Fund / Unconstrained Bond Fund</b>	Absolute Return Bond Fund	2.7	(4%)	30.06	10%	30.06.14
	Absolute Return Bond Fund plus	1.3	(2%)	30.06	10%	30.06.14
	Absolute Return Bond Fund defender	0.6	(2%)	30.06	10%	30.06.14
	Managed accounts	1.3	(2%)	various	10%/15%	various
	<b>Total AuM</b>	<b>5.9</b>				
<b>GAM Systematic</b>	Core Macro	0.7	(11%)	Quarterly	10%	31.03.15
	Quantitative Fund	1.0	(20%)	Quarterly	20%	31.03.15
	GAM Systematic Diversified Macro	0.0	(0%)	30.06	10%	n/a
	GAM Systematic Global Equity Market Neutral	0.0	(2%)	30.06	15%	n/a
	Managed accounts	1.2	(20%)	various	10%/15%/20%	various
<b>Total AuM</b>	<b>2.9</b>					
<b>Global rates strategy</b>	GAM Star Global Rates	1.4	(12%)	30.06	20%	30.06.15
	Global Rates Hedge	0.6	(6%)	31.12	20%	31.12.15
	Managed accounts	0.3	(7%)	various	15%/20%	various
	<b>Total AuM</b>	<b>2.3</b>				
<b>GAM Lugano</b>	GAM Star (Lux) - European Alpha	0.7	(14%)	Quarterly	15%	31.12.15
	GAM Talentum Europe L/S	0.4	(18%)	31.12	20%	31.12.15
	Managed accounts	0.0	(13%)	various	15%/20%	various
	<b>Total AuM</b>	<b>1.1</b>				

<sup>1</sup> AuM weighted average of individual share classes and managed accounts.

# Expenses

Efficiency gains achieved; continuous focus on tight cost control

in CHF m, except where indicated	2015	2016	Change
Fixed personnel expenses <sup>1</sup>	165.1	155.7	(6%)
Variable personnel expenses <sup>2</sup>	124.9	90.5	(28%)
<b>Personnel expenses</b>	<b>290.0</b>	<b>246.2</b>	<b>(15%)</b>
General expenses	104.9	102.9	(2%)
Depreciation and amortisation	8.6	9.4	9%
<b>Expenses</b>	<b>403.5</b>	<b>358.5</b>	<b>(11%)</b>
<b>Headcount (FTEs)<sup>3</sup></b>	<b>1,074</b>	<b>979</b>	<b>(9%)</b>

- **Expenses down CHF 45m or 11% year-on-year**
- Excluding acquisitions, **fixed personnel expenses** down 9% as a result of headcount reductions
- **Variable personnel expenses down** reflecting business performance
- **General expenses** down despite inclusion of State Street administration fees (CHF 6.1m)
- Excluding acquisitions, **headcount** decreased by 15%

<sup>1</sup> Includes salaries and other personnel expenses.

<sup>2</sup> Includes discretionary and contractual bonuses as well as share-based payment expenses.

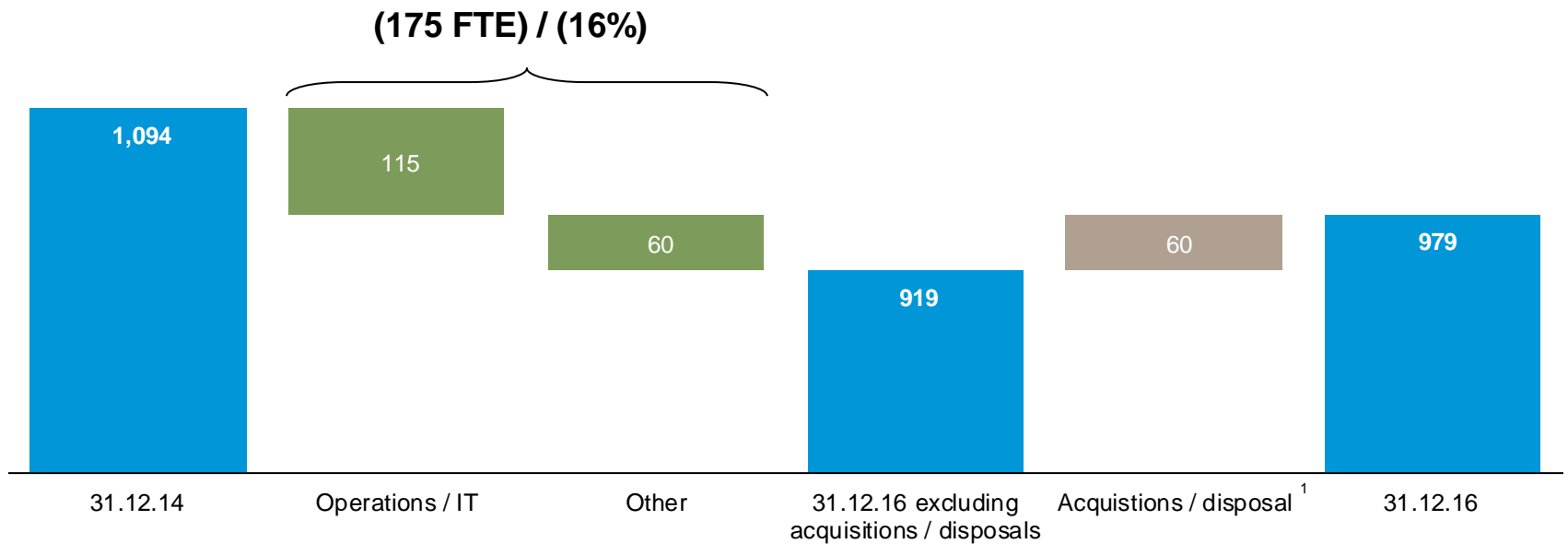
<sup>3</sup> Full-time equivalents as at 31 December.



# Headcount Development

Headcount reduced by 16% since 2014, excluding acquisitions

in full-time equivalents (FTE)

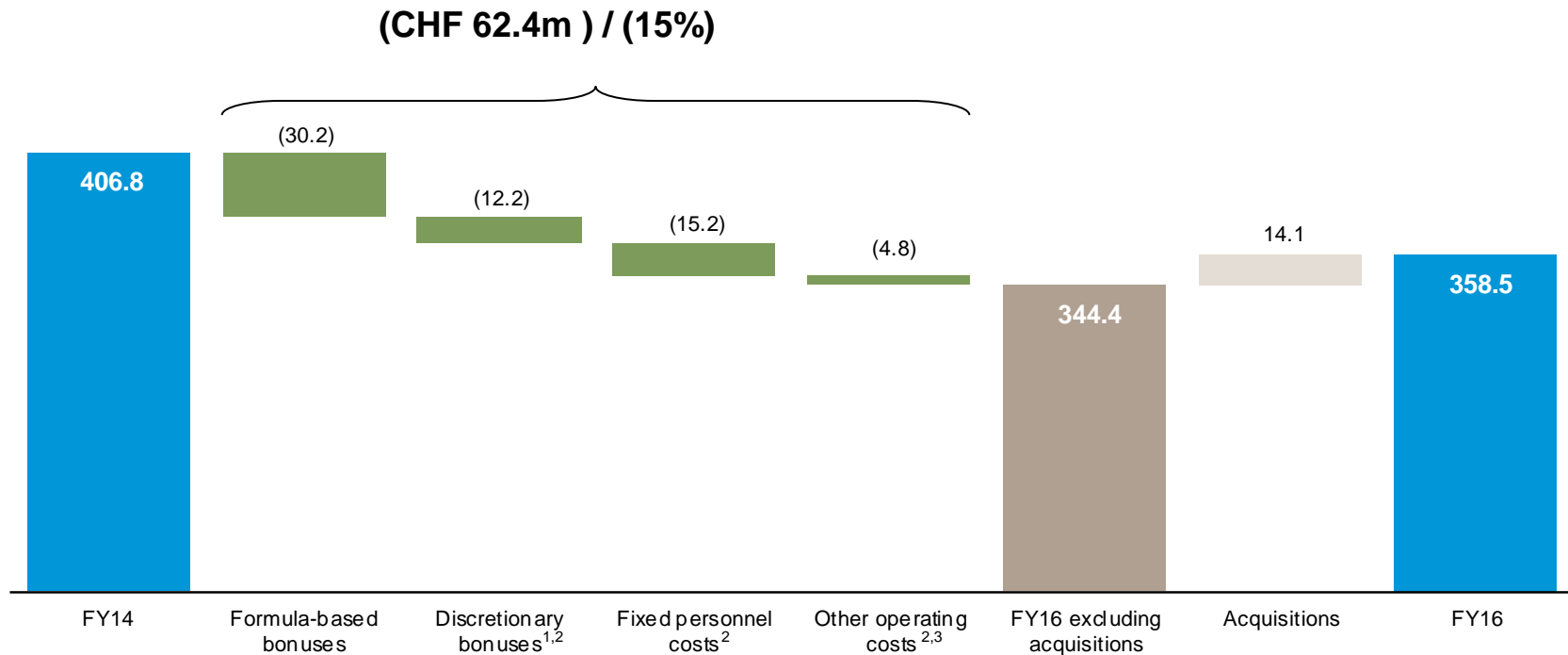


<sup>1</sup> Acquisitions: Renshaw Bay 10 FTEs, Cantab 55 FTEs, THS 9 FTEs. Disposal: Cayman fund administration 14 FTEs.

# Effective Cost Control

Significant cost savings since 2014

in CHF m



<sup>1</sup> Includes share-based payment expenses.

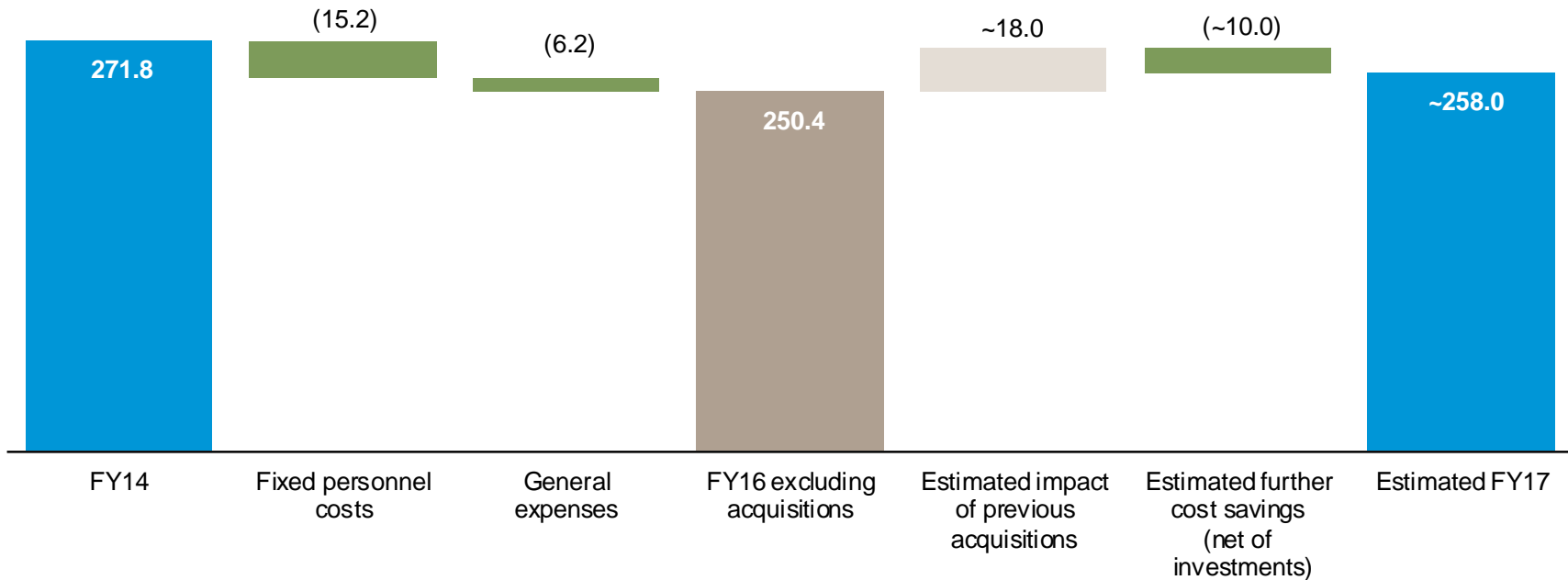
<sup>2</sup> Includes cost reductions related to the sale of our Cayman fund administration business.

<sup>3</sup> Includes depreciation and amortisation.

# Further savings in 2017

Continued efficiency gains to be realised in 2017

## Fixed personnel costs and general expenses in CHF m

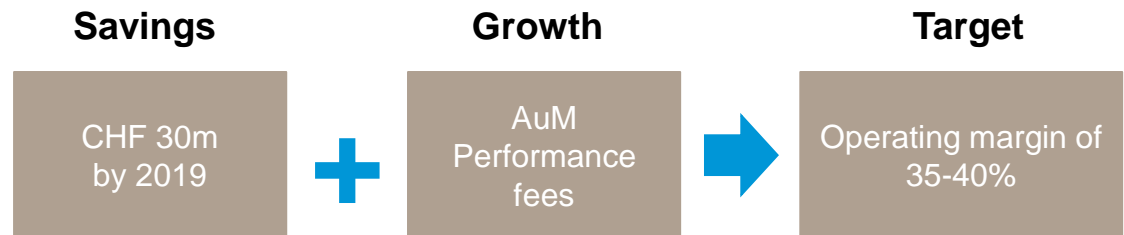


# Future Cost Savings of CHF 30 million

Further efficiency gains by 2019 compared to 2016

## Constant focus on efficiency

- Adoption of single data architecture
- IT infrastructure moving to managed and cloud-based solution
- Simplifying processes and reporting
- Further product shelf rationalisation
- Alignment of support activities and centres of excellence
- Further premises cost savings
- Ongoing simplification of legal entities



**Further efficiencies delivered in a controlled manner and appropriately sequenced, consistent with client needs and regulatory obligations.**

# IFRS Net Profit 2016

Primarily impacted by one-off deferred tax asset and reduction in deferred consideration liabilities

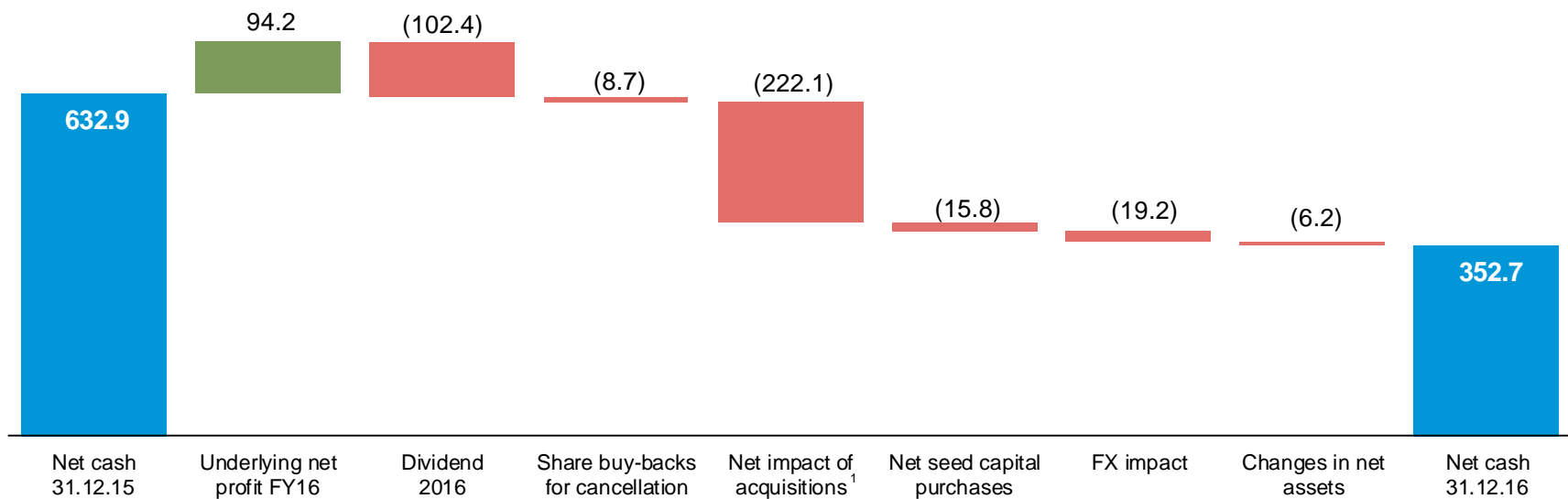
in CHF m	2015	2016
<b>Underlying profit before taxes</b>	<b>197.8</b>	<b>120.1</b>
Reorganisation charge	(11.5)	(4.6)
Sale of Cayman business	4.5	(0.6)
Deal and integration costs	(1.5)	(4.2)
Pension plan amendment	-	8.1
Settlement on termination of JB licence agreement	-	4.2
<b>Total non-recurring items<sup>1</sup></b>	<b>(8.5)</b>	<b>2.9</b>
Adjustments to deferred consideration liabilities	(12.3)	19.7
Finance charges on discounted liabilities	(0.2)	(2.1)
Amortisation of investment management and client contracts	(0.9)	(9.0)
<b>Total acquisition-related items<sup>2</sup></b>	<b>(13.4)</b>	<b>8.6</b>
IFRS profit before taxes	175.9	131.6
Income tax expense / (credit) <sup>3</sup>	37.6	(2.7)
<b>IFRS net profit</b>	<b>138.3</b>	<b>134.3</b>

<sup>1</sup> Items which arise out of a business decision or an event outside the control of the business, resulting in a significant gain or loss being recognised in the income statement, and the incidence of which is not expected to be of a recurring nature. <sup>2</sup> Items which are an accounting consequence of completed acquisitions, not directly relating to the operating activities of the acquired business. <sup>3</sup> Includes a non-recurring tax credit as a result of a deferred tax asset of CHF 27.8 million being recognised relating to tax loss carry-forwards resulting from a merger of certain Swiss legal entities in 2016.

# Net Cash

Robust cash position maintained post strategic acquisitions

in CHF m



<sup>1</sup> Mainly relates to the upfront cash payment for the acquisition of Cantab. Also includes second deferred consideration payments relating to the acquisitions of Arkos (now GAM Lugano) and Singletery Mansley.

# Capital Management

Focus on long-term shareholder value creation



## Cash

- Cantab acquisition funded from existing cash resources
- CHF 100m revolving credit facilities available and extended
- No external debt

## Capital

- Capital used to support investment in growth
- Current focus on rebuilding capital buffers
- Maintain a flexible approach to capital management

## Shareholder returns

- Dividend of CHF 0.65 proposed at AGM, unchanged from prior year
- Unchanged policy of progressive, predictable and sustainable ordinary dividend
- Replacement of three-year share buy-back programme planned

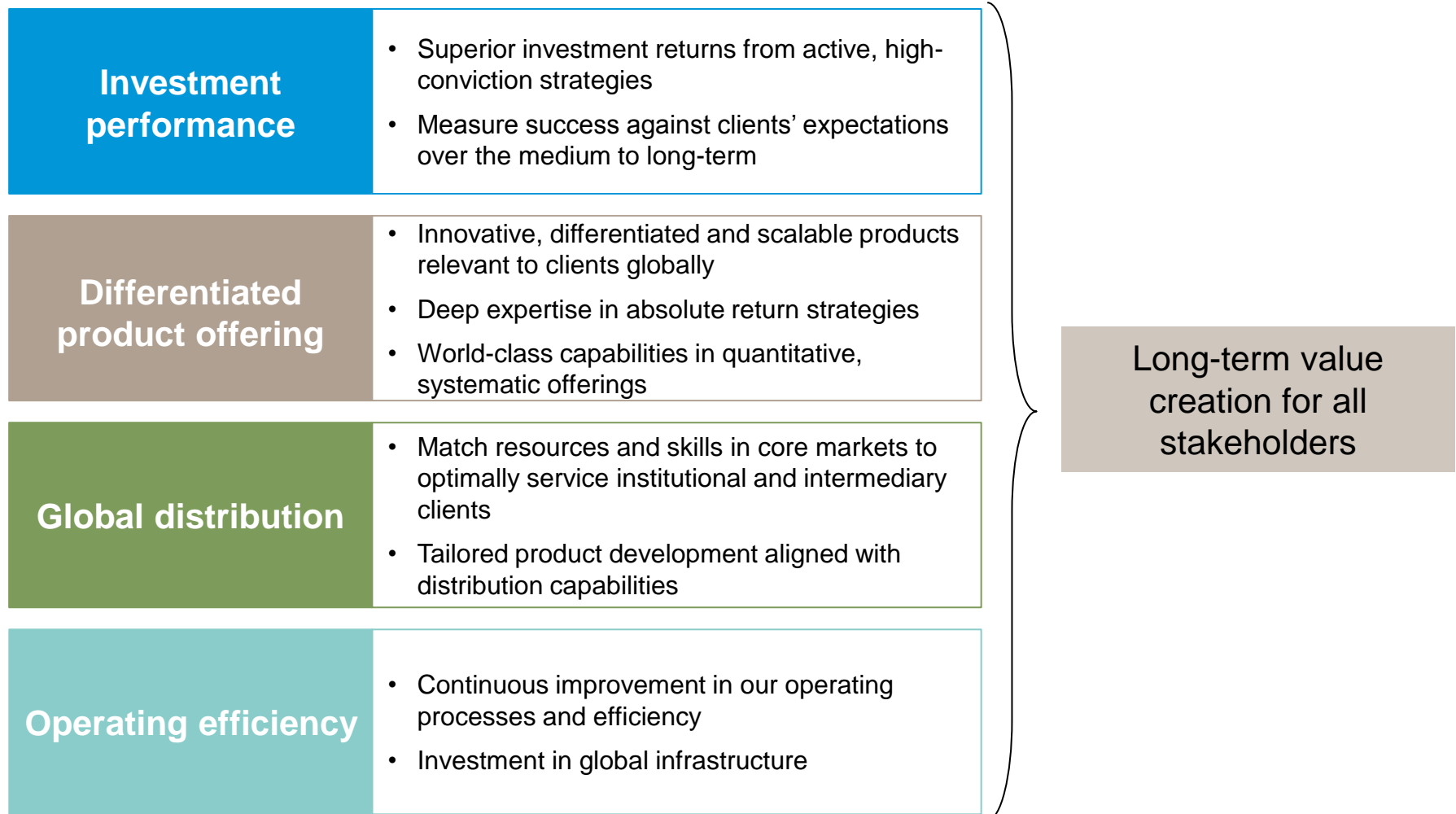
# **Business Strategy and Outlook**

**Alexander S. Friedman, Group CEO**



# Our Strategy

Independent pure-play differentiated asset manager - built by investors for investors



# Priorities for 2017



Focus on executing our strategic plan

## Investment performance

- Approximately 2/3<sup>rd</sup> of our AuM outperformed benchmark over 3 and 5 years, and our goal is to improve this
- Continuous development of top talent – eg recent hire of Matthew Beesley

## Differentiated product offering

- Establish GAM Systematic as a leading global provider of quantitative investments and products
- Continue to grow alternative fixed income, eg MBS, trade finance, cat bonds, credit opportunities, etc.
- Fill strategic product gaps through organic means – new products in real assets, credit and equities

## Global distribution

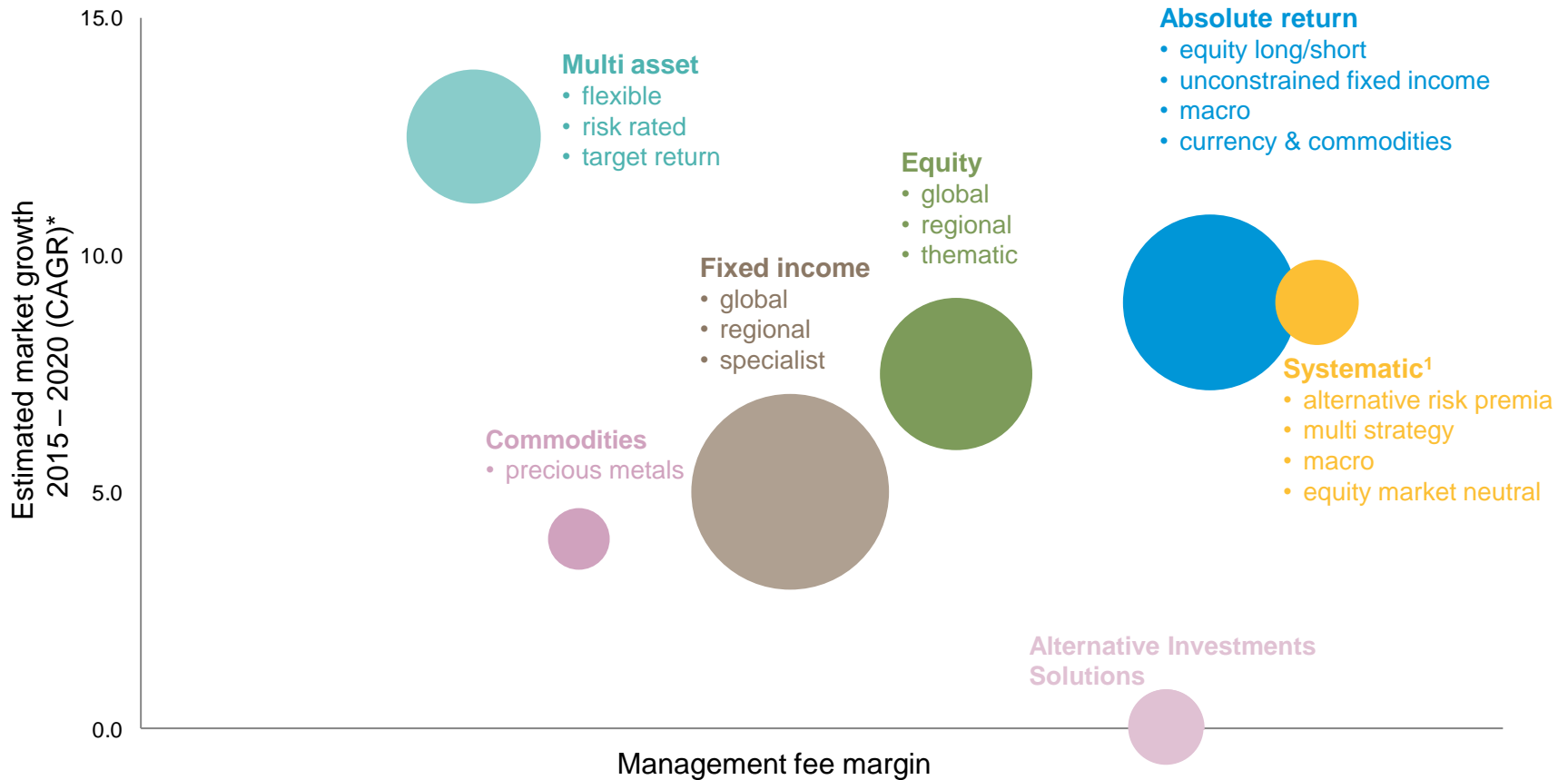
- Implementation of new distribution strategy
- Full review and upgrade of distribution capabilities to ensure we are aligned for growth in our core markets

## Operating efficiency

- Significant further cost savings to be realised: CHF 10m in 2017
- Further rationalisation of our product shelf in 2017 with continual pruning

# Diversified Product Offering

Well positioned to capture future growth trends, and diversified to provide balance to earnings



\*Source: The Boston Consulting Group, Global Asset Management 2016, July 2016 and GAM as at 31.12.2016. The size of the bubbles represents AuM in investment management capabilities on 31.12.2016.

<sup>1</sup> Includes products acquired through Cantab and new product launches in GAM Systematic.

# New Platform: GAM Systematic Launched

Complementary to current active discretionary management capabilities

## Investment merits

- Returns generally uncorrelated to traditional asset classes
- Rigorous institutional-quality investment processes and risk management
- Compelling range of unique products to provide clients with cost-efficient and reliable sources of net returns

## Growth potential

- Growing allocation from institutional investors to systematic strategies<sup>1</sup>
- Double-digit AuM growth annually for the past five years for successful systematic asset managers
- Leverages GAM's global distribution and product development

## Shareholder value

- Scalable investment strategies with low capacity constraints: enabled launch of two UCITS funds within two months of closing deal
- Cantab's cutting-edge technological platform designed to manage multiple products – provides fertile ground for growth
- Offers diversification benefits to GAM's existing AuM and revenues

<sup>1</sup> Deutsche Bank Alternative Investment Survey 2016; Barclays Against All Odds 2016.

# Addressing Distribution Challenges

Good progress in implementing our new distribution strategy

## Upgrade distribution force where necessary – important appointments made

- New Group Head of Distribution, Tim Rainsford
- Consultant channel: New global head announced; creation of a new consultant relations team
- APAC: New head appointed; new head of Japan to be announced
- UK: New head of intermediary distribution appointed; new head of institutional sales to be announced
- Middle East: New head of institutional sales appointed

## Improve alignment across the distribution value chain

- Development of clear product and sales strategy for all key markets
- Embed a tailored regional marketing approach to effectively support sales efforts
- Better internal alignment of product support infrastructure with asset classes
- Better alignment of sales force compensation with Group objectives

## Rationalise and simplify product offering

- Align product offering with client segments and markets
- Consolidation to ensure a lean and relevant product offering
- Development of new scalable liquid strategies and flexibility to expand product shelf through on-boarding of new talent

# Conclusion and Outlook

A time of significant change in the asset management industry

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- GAM is a turnaround story; we have come through the worst and our outlook is positive
- Business is well positioned for future growth, given evolving industry 'barbell dynamics'
- Significant steps have been taken to modernise GAM, to materially reduce its cost structure, to focus and improve its product portfolio, upgrade distribution, and simplify its brand story
- **The actions taken are starting to produce the right results:**
  - Investment performance is improving
  - Substantial slowing of outflows YTD
  - Significant cost savings have been achieved and clear line of sight to future savings in 2017 and beyond
- New senior team fully in place

# Appendix

# Performance Fee Eligible Assets and Income



## Performance fee eligible assets

in CHF bn	31.12.12	30.06.13	31.12.13	30.06.14	31.12.14	30.06.15	31.12.15	30.06.16	31.12.16
Unconstrained fixed income	13.0	16.0	14.1	14.1	12.4	10.6	8.7	6.7	5.9
Global macro / managed futures	2.0	3.4	2.7	2.8	3.0	3.4	3.9	3.2	2.4
Lugano	1.0	1.7	2.0	2.0	2.2	1.8	2.1	2.0	1.6
Other non-directional equity	0.4	0.3	0.7	1.6	1.6	2.3	3.6	3.1	2.1
Other fixed income strategies	0.9	0.6	1.1	1.4	1.4	1.3	1.4	1.4	1.3
Systematic	-	-	-	-	-	-	-	-	2.9
Other	1.7	2.1	3.2	4.2	4.7	4.6	4.0	3.3	3.7
<b>Performance fee eligible assets</b>	<b>19.0</b>	<b>24.1</b>	<b>23.8</b>	<b>26.1</b>	<b>25.3</b>	<b>24.0</b>	<b>23.7</b>	<b>19.7</b>	<b>19.9</b>

## Net performance fees

in CHF m	H1 2013	H2 2013	H1 2014	H2 2014	H1 2015	H2 2015	H1 2016	H2 2016
Unconstrained fixed income	16.8	0.5	26.9	(0.1)	0.8	-	-	-
Global macro / managed futures	38.2	5.7	(0.8)	11.8	26.0	4.7	-	0.1
Lugano	9.4	20.6	1.7	10.9	5.6	32.9	-	0.6
Other non-directional equity	0.8	1.0	2.8	0.9	5.1	-	-	-
Other fixed income strategies	2.3	0.9	2.9	5.9	5.8	0.7	1.0	1.0
Systematic	-	-	-	-	-	-	-	0.1
Other	3.4	1.1	1.4	1.6	0.8	0.4	0.2	-
<b>Net performance fees</b>	<b>70.9</b>	<b>29.8</b>	<b>34.9</b>	<b>31.0</b>	<b>44.1</b>	<b>38.7</b>	<b>1.2</b>	<b>1.8</b>



# Performance Fee Eligible Assets Analysis as at 31 December 2016



	Unconstrained fixed income	Global macro / managed funds	GAM Lugano	Other non-directional equity	Systematic	Other fixed income strategies	Other	Total
Performance fee eligible AuM (CHF bn)	5.9	2.4	1.6	2.1	2.9	1.3	3.7	19.9
No. of PF eligible funds / mandates	13	12	9	8	11	14	26	93
Performance fees 2016 (CHF m)	-	0.1	0.6	-	0.1	2.0	0.2	3.0
No. of funds / mandates generating fees in 2016	-	4	4	-	3	9	4	24
AuM on 31.12.2016 generating performance fees in 2016 (CHF bn)	-	0.2	0.9	-	1.1	3.6	0.1	5.9
AuM with potential crystallisation in H1 2017 <sup>1</sup> (CHF bn)	5.4	1.5	1.0	2.1	1.6	0.9	2.3	14.8
AuM with potential crystallisation in H2 2017 <sup>1</sup> (CHF bn)	0.5	0.9	0.6	-	1.3	0.4	1.4	5.1
No. of funds / mandates with potential crystallisation in H1 2017 <sup>2</sup>	12	2	3	7	9	7	11	51
No. of funds / mandates with potential crystallisation in H2 2017	1	10	6	1	2	7	15	42
AuM at or above high watermark / benchmark as at 31.12.16 (CHF bn)	1.7	-	0.1	-	0.2	1.1	2.8	5.9
AuM within 5% of high watermark / benchmark as at 31.12.16 (CHF bn)	2.9	0.1	0.1	1.9	0.1	0.0	0.6	5.7
Performance fee range	10%-20%	20%	15%-20%	7%-20%	10%-20%	10%-20%	5%-10%	
Frequency	annually	quarterly & annually	quarterly & annually	quarterly & annually	quarterly & annually	quarterly & annually	quarterly & annually	
Methodology	HWM & benchmark	HWM & benchmark	HWM & benchmark	HWM & benchmark	HWM & benchmark	HWM & benchmark	HWM & benchmark	
Timing	31.03/30.06 or 31.12	31.03/30.06/30.09 or 31.12	31.03/30.06/30.09/31.10 or 31.12	31.3/30.6/30.09/31.10 or 31.12	31.03/30.06/30.09 or 31.12	31.03/30.06/30.09/31.10 or 31.12	31.3/30.6/30.09 or 31.12	

<sup>1</sup> H1 2017 including CHF 2.9bn AuM with quarterly crystallisation dates (31.03/30.06/30.09/31.12). These AuM are excluded from H2 2017.

<sup>2</sup> Including 18 funds with quarterly crystallisation dates. These funds are excluded from H2 2017.

# General Expenses



in CHF m	2015	2016	Change	Comments
Occupancy expenses	28.6	25.7	(10%)	Reduced office footprint
IT expenses	18.3	16.2	(11%)	Lower consultancy and maintenance costs
Communication and marketing expenses	29.4	29.2	(1%)	
Professional services, other fees and charges	14.4	13.6	(6%)	
Administration expenses	-	6.1	n/a	Admin fees from State Street for middle and back office services
Other general expenses	14.2	12.1	(15%)	
<b>General expenses</b>	<b>104.9</b>	<b>102.9</b>	<b>(2%)</b>	

# Operating Margin and Compensation Ratio



in CHF m	2012	2013	2014	2015	2016
Net fee and commission income	578.9	654.8	608.8	600.6	473.5
Net other income	16.0	15.4	14.7	0.7	5.1
<b>Income</b>	<b>594.9</b>	<b>670.2</b>	<b>623.5</b>	<b>601.3</b>	<b>478.6</b>
Personnel expenses	285.6	321.3	293.2	290.0	246.2
General expenses	106.9	108.7	105.8	104.9	102.9
Depreciation and amortisation	7.2	7.1	7.8	8.6	9.4
<b>Expenses</b>	<b>399.7</b>	<b>437.1</b>	<b>406.8</b>	<b>403.5</b>	<b>358.5</b>
Operating margin <sup>1</sup>	31.0%	33.2%	33.2%	32.8%	24.3%
Compensation ratio <sup>2</sup>	49.3%	49.1%	48.2%	48.3%	52.0%

<sup>1</sup> (Net fee and commission income – expenses) / net fee and commission income.

<sup>2</sup> Personnel expenses / net fee and commission income.

# Basic and Diluted Underlying EPS

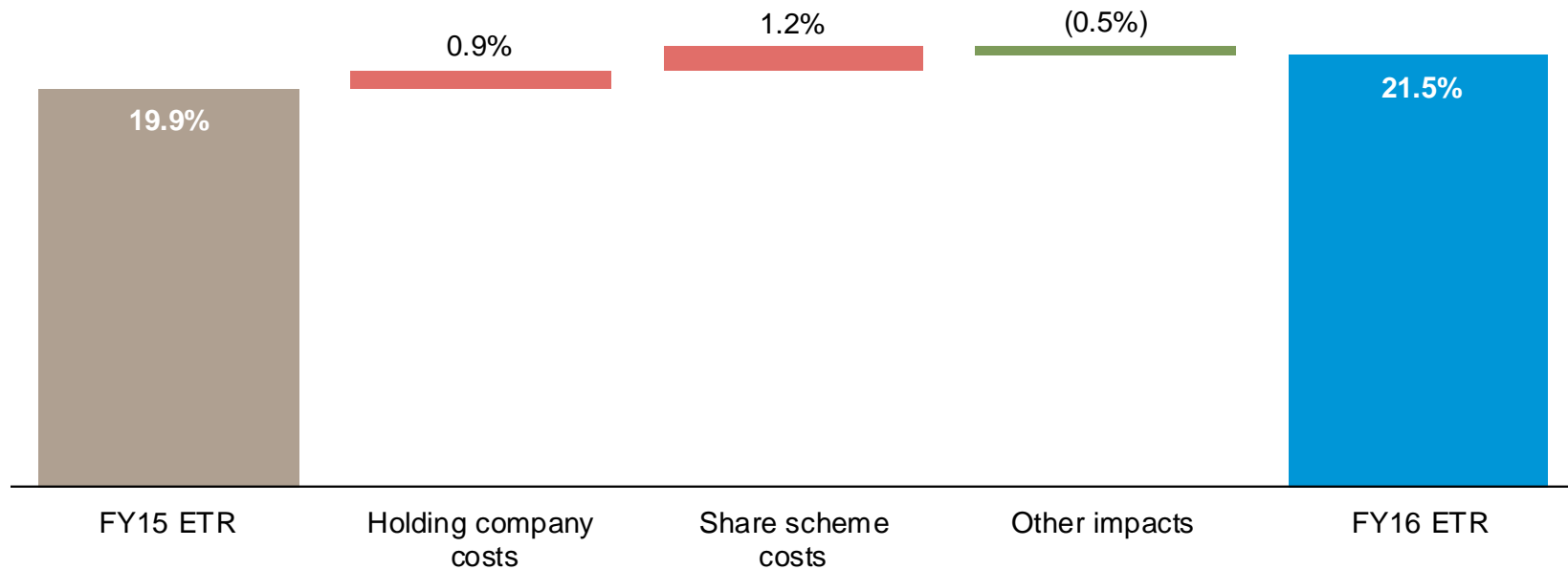


	2012	2013	2014	2015	2016
Weighted average number of shares outstanding for basic EPS ( <i>m</i> )	171.2	163.4	162.3	159.9	157.7
Dilution driven by share-based compensation plans ( <i>m</i> ) <sup>1</sup>	-	2.6	1.1	0.9	0.1
Weighted average number of shares outstanding for diluted EPS ( <i>m</i> )	171.2	166.0	163.4	160.8	157.8
Underlying net profit ( <i>CHF m</i> )	162.0	210.2	177.2	158.4	94.2
<b>Basic underlying EPS (<i>CHF</i>)</b>	<b>0.94</b>	<b>1.26</b>	<b>1.07</b>	<b>0.99</b>	<b>0.60</b>
<b>Diluted underlying EPS (<i>CHF</i>)</b>	<b>0.94</b>	<b>1.24</b>	<b>1.06</b>	<b>0.98</b>	<b>0.60</b>

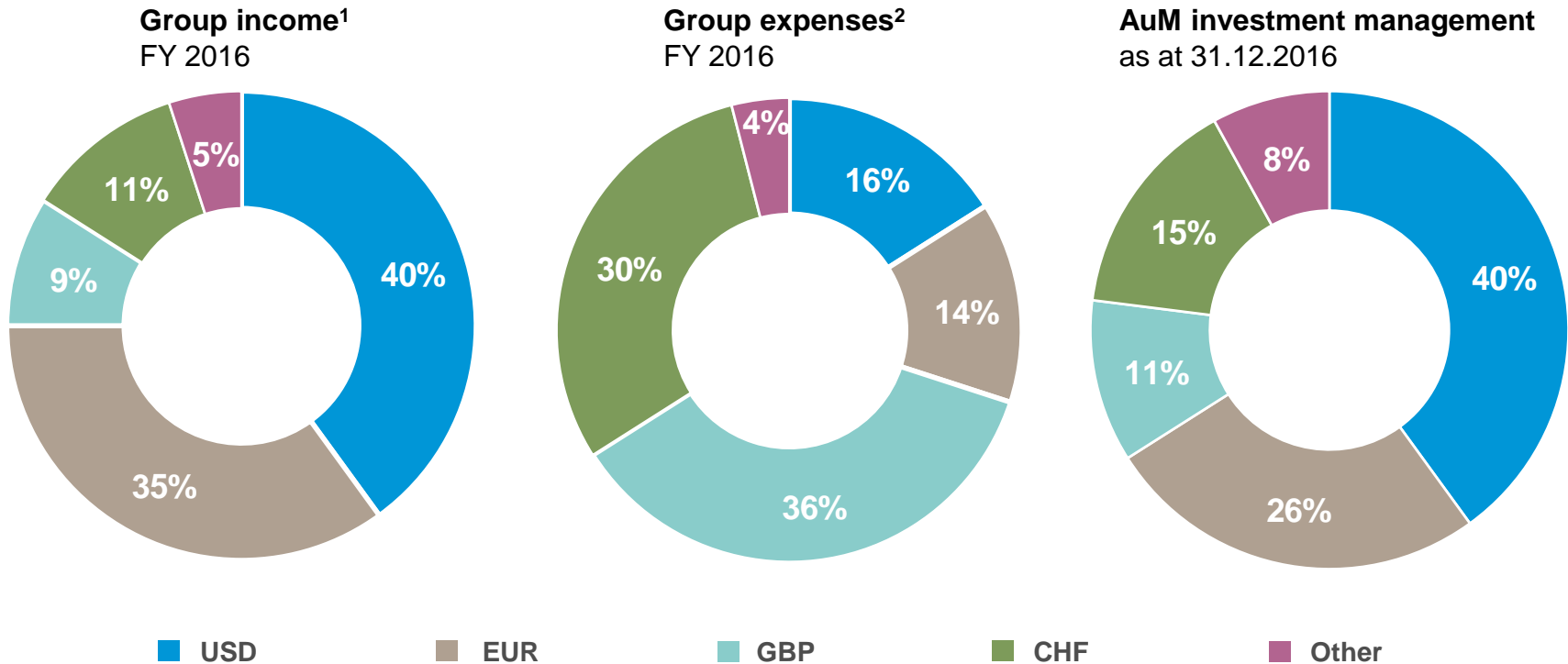
<sup>1</sup> This represents the weighted average number of additional shares that would have been outstanding if all share-based compensation plans in place were converted or exercised into shares.

# Underlying Effective Tax Rate (ETR)

ETR driven by profitability and share price development



# Estimated Currency Splits



<sup>1</sup> Percentage splits are estimated based upon the currency exposure of the underlying AuM on which the revenues are earned.

<sup>2</sup> Percentage splits are estimated based upon the transactional currency, except for contractual bonuses which follow the same basis as revenue.

# Group Balance Sheet

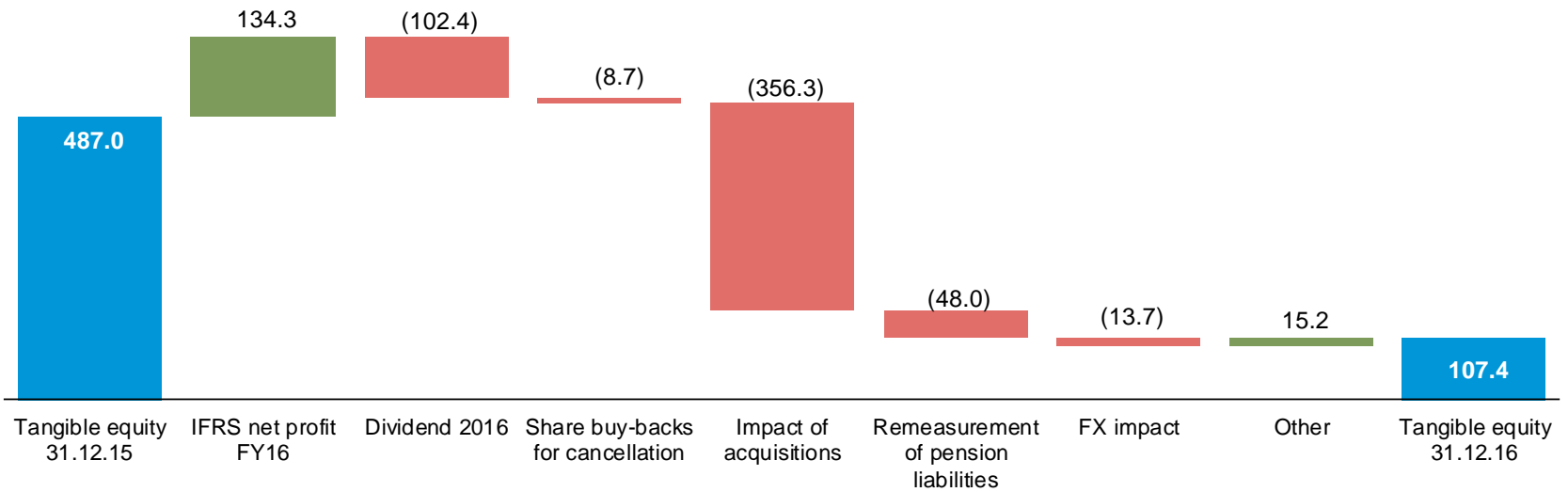


in CHF m

	31.12.15	31.12.16
Cash and cash equivalents	633	353
Seed capital investments	67	84
Other assets	208	205
Goodwill and other intangible assets	1,389	1,737
<b>Assets</b>	<b>2,297</b>	<b>2,379</b>
Current liabilities	297	255
Non-current liabilities	124	280
Equity	1,876	1,844
<b>Liabilities &amp; equity</b>	<b>2,297</b>	<b>2,379</b>
<b>Tangible equity</b>	<b>487</b>	<b>107</b>

# Tangible Equity

in CHF m





# AuM Development by Capability



## Investment management

in CHF bn

Capability	AuM 31.12.15	Net flows	Market & FX	Transfer	AuM 30.06.16	Net flows	Acq. <sup>1</sup>	Market & FX	Transfer	AuM 31.12.16
Absolute return	23.1	(2.6)	(0.9)	(0.4)	19.2	(3.1)	-	0.2	-	16.3
Fixed income	18.6	(0.2)	0.5	0.4	19.3	1.3	-	0.2	-	20.8
Equity	13.4	(1.6)	(1.1)	-	10.7	(1.7)	2.2	1.3	-	12.5
Systematic	-	-	-	-	-	(0.2)	4.0	(0.2)	0.2	3.8
Multi asset	11.9	(1.0)	(0.2)	-	10.7	(1.4)	-	0.3	-	9.6
Alternatives	5.3	(0.2)	0.5	-	5.6	-	-	(0.2)	(0.2)	5.2
<b>Total</b>	<b>72.3</b>	<b>(5.6)</b>	<b>(1.2)</b>	<b>-</b>	<b>65.5</b>	<b>(5.1)</b>	<b>6.2</b>	<b>1.6</b>	<b>-</b>	<b>68.2</b>

<sup>1</sup> Relates to the acquisitions of Cantab and THS.

# AuM and Net Flows by Capability



## Investment management AuM by capability

in CHF bn

	31.12.14	30.06.15	31.12.15	30.06.16	31.12.16
Absolute return	22.2	21.5	23.1	19.2	16.3
Fixed income	19.5	19.0	18.6	19.3	20.8
Equity	13.8	13.9	13.4	10.7	12.5
Systematic	-	-	-	-	3.8
Multi asset	12.9	12.2	11.9	10.7	9.6
Alternatives	7.7	6.9	5.3	5.6	5.2
<b>Total</b>	<b>76.1</b>	<b>73.5</b>	<b>72.3</b>	<b>65.5</b>	<b>68.2</b>

## Investment management net flows by capability

in CHF bn

	H1 2015	H2 2015	H1 2016	H2 2016
Absolute return	1.1	1.0	(2.6)	(3.1)
Fixed income	1.0	(0.6)	(0.2)	1.3
Equity	(0.2)	(0.3)	(1.6)	(1.7)
Systematic	-	-	-	(0.2)
Multi asset	0.3	(0.4)	(1.0)	(1.4)
Alternatives	(0.2)	(1.4)	(0.2)	-
<b>Total</b>	<b>2.0</b>	<b>(1.7)</b>	<b>(5.6)</b>	<b>(5.1)</b>

# AuM and Net Flows by Client Segment



## Investment management AuM by client segment

in CHF bn	31.12.14	30.06.15	31.12.15	30.06.16	31.12.16
Intermediaries	32.8	31.6	31.4	27.2	28.4
Institutional clients	34.3	33.8	33.7	32.0	34.0
Private clients	9.0	8.1	7.2	6.3	5.8
<b>Total</b>	<b>76.1</b>	<b>73.5</b>	<b>72.3</b>	<b>65.5</b>	<b>68.2</b>

## Investment management net flows by client segment

in CHF bn	H1 2015	H2 2015	H1 2016	H2 2016
Intermediaries	0.6	(0.5)	(3.3)	(2.2)
Institutional clients	1.9	(0.6)	(1.5)	(2.2)
Private clients	(0.5)	(0.6)	(0.8)	(0.7)
<b>Total</b>	<b>2.0</b>	<b>(1.7)</b>	<b>(5.6)</b>	<b>(5.1)</b>

# AuM by Product Type



## Investment management AuM by product type

in CHF bn

	31.12.13	31.12.14	31.12.15	30.06.16	31.12.16
Luxembourg SICAVs	30.7	30.6	28.1	24.6	23.0
Segregated accounts	16.5	18.2	17.4	15.6	17.4
Ireland UCITS	11.1	14.4	15.7	14.7	14.3
Offshore	7.1	8.3	7.4	6.4	6.6
Swiss funds	3.0	2.7	2.0	2.6	2.4
OEICs / unit trusts	1.4	1.9	1.5	1.4	1.7
LPs & LLCs	-	-	0.2	0.2	2.8
<b>Total</b>	<b>69.8</b>	<b>76.1</b>	<b>72.3</b>	<b>65.5</b>	<b>68.2</b>

# Private Labelling AuM Breakdowns



## By fund domicile

in CHF bn	31.12.14	30.06.15	31.12.15	30.06.16	31.12.16
Switzerland	35.4	37.9	31.4	31.7	31.7
Rest of Europe	9.0	10.6	15.3	16.3	20.8
Cayman	2.7	2.2	-	-	-
<b>Total</b>	<b>47.1</b>	<b>50.7</b>	<b>46.7</b>	<b>48.0</b>	<b>52.5</b>

## By asset class

in CHF bn	31.12.14	30.06.15	31.12.15	30.06.16	31.12.16
Fixed income	20.4	21.8	19.3	19.8	23.5
Equity	20.4	22.3	20.5	21.1	21.4
Money market	3.0	2.9	2.5	2.4	2.5
Alternative	3.3	3.7	4.4	4.7	5.1
<b>Total</b>	<b>47.1</b>	<b>50.7</b>	<b>46.7</b>	<b>48.0</b>	<b>52.5</b>

# Peer Group Constituents ARBF

Reference to slide 10 of this presentation

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## Absolute Return Bond fund

**Peer group constituents:** AB Unconstr Bd Portfolio; Aberdeen II Euro AR BF; Amundi Abs Global Macro 2; Amundi Abs Global Macro 4; Aviva Absolute Bond\*; BlackRock Global AR Bond; BlueBay IG AR Bond; BNY Mellon AR Bond; CS FI Cycle Invest\*; CS Target Return\*; Deka-Euro Renten AR; DWS Income Strategy Plus\*; DWS Income Strategy Systematic; Fortis AR Bond Euro Plus\*; Fortis AR V300\*; Goldman Sachs Strat AR Bond; Henderson AR Fixed Income\*; Invesco AR Bond; JPM Global AR Bond; JPM RV 2\*; JPM Global AR Bond; Kames AR Bond; LO AR Bond\*; LO Total Rtn Bond; MFS AR Bond; Morgan Stanley Euro TR Bond\*; Parvest AR Europe Bond\*; Parvest AR V350; Parvest AR V700; PIMCO GIS Euro ST; PIMCO GIS Unconstr Bond; Pioneer AR Bond; Robeco Flex-O-Rente; Schroder ISF AR Bond\*; Schroder Strategic Bond; Swisscanto Global AR; Threadneedle Target Return; UBAM AR Bond\*; UBS AR Bond\*; UBS Global Opps Bond; UniEuroRenta AR\*; Vontobel AR Bond; Wellington Global TR

# Corporate Calendar and Contacts



## Forthcoming events

<b>26.04.2017</b>	Interim management statement Q1 2017
<b>27.04.2017</b>	Annual General Meeting 2017
<b>03.08.2017</b>	Half-year results 2017
<b>19.10.2017</b>	Interim management statement Q3 2017

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