

# Results and Review Full Year 2017

1 March 2018



# Agenda

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**2017 Highlights**

**Alexander S. Friedman, Group CEO**

**2017 Financials**

**Richard McNamara, Group CFO**

**Strategy and Outlook**

**Alexander S. Friedman, Group CEO**

**Q&A session**

**Appendix**

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# **2017** HIGHLIGHTS

Alexander S. Friedman, Group CEO

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# Highlights 2017

Strong recovery in our results with turnaround progressing well

## Investment management

**CHF 8.6bn** record net inflows

**CHF 6.6bn** of investment gains delivered for our clients

**77%** of AuM<sup>1</sup> outperforming benchmark over three years

## Private labelling

**CHF 15.7bn** of net inflows as business builds scale

**42%** growth in AuM

**50+ clients** and growing demand

## Profitability

**44%** growth in underlying profit before taxes, driven by 16% top line growth

**CHF 10m+** of structural cost savings delivered

**31.1%** operating margin, moving toward our target of 35–40%

**CHF 0.86** earnings per share, up 43% from 2016

## Proposed dividend

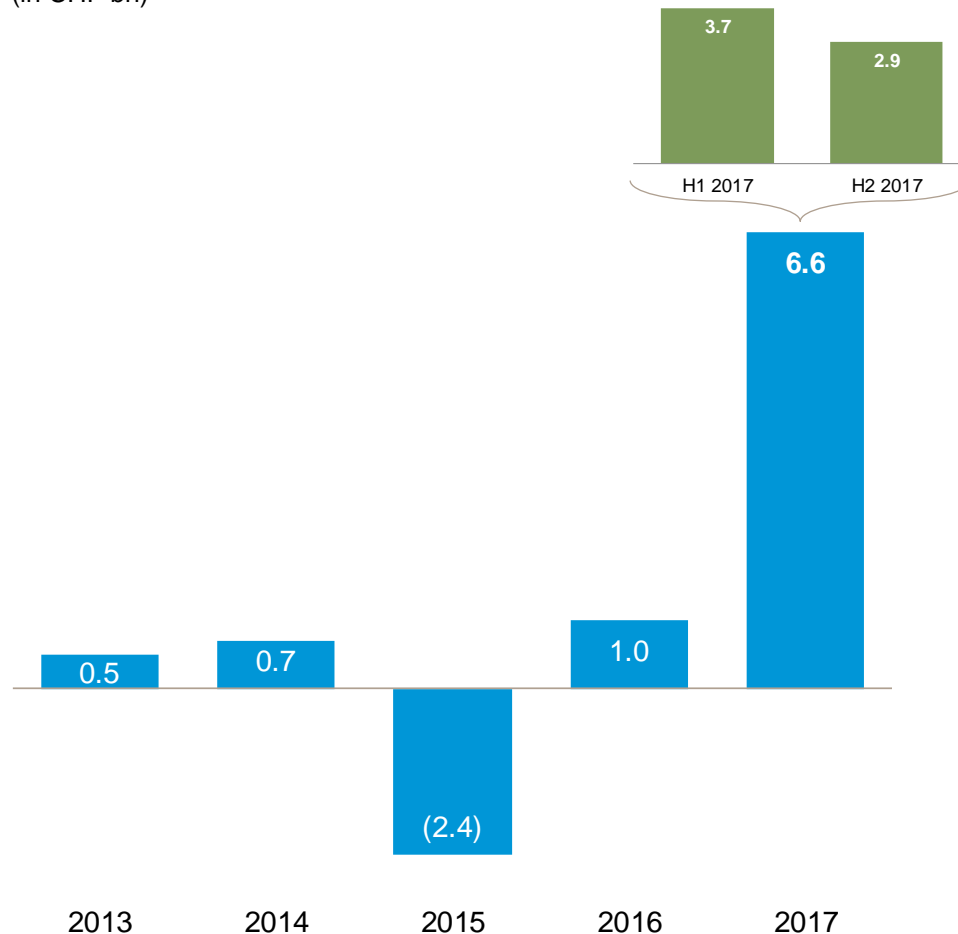
**CHF 0.65** dividend per share – enhanced dividend cover in 2017 and unchanged dividend policy

# Investment Returns

Pronounced improvement in delivering client returns

## Investment performance<sup>1</sup>

(in CHF bn)



- **Specialist fixed income<sup>2</sup>:** attractive yields together with price rises off tightening spreads; corporate events and increasing demand
- **Systematic:** excellent performance with strong value, momentum and other signals throughout the year
- **Equity:** good performance across the range, in particular emerging markets
- **Outperformance:** 77% of AuM beating benchmarks over three years<sup>3</sup>
- **Morningstar rankings:** approximately 80% of AuM in 1<sup>st</sup> or 2<sup>nd</sup> quartile in 2017<sup>4</sup>

<sup>1</sup> Investment performance of investment management.

<sup>2</sup> See details of GAM's specialist fixed income offering in the appendix on page 29.

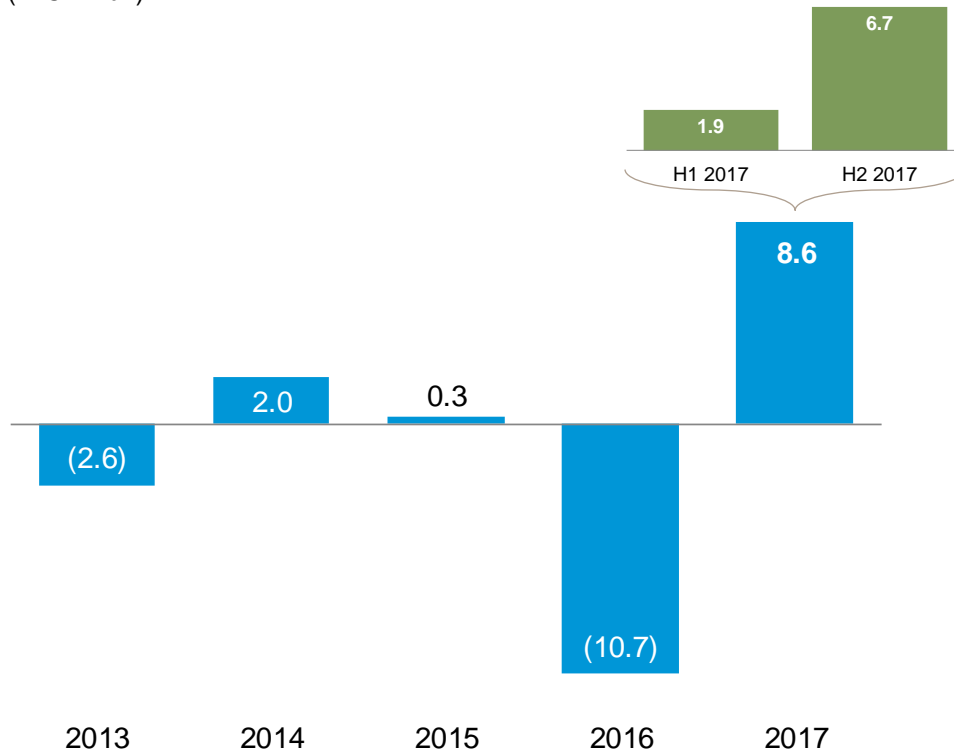
<sup>3</sup> % of AuM in funds outperforming their benchmark over three years (excluding mandates and segregated accounts). Details can be found in the appendix on page 31.

<sup>4</sup> AuM of funds on a three and five year rolling basis to 31.12.2017.

# Significant Net Flows

Strong performance and differentiated offering produced record net inflows

## Net flows<sup>1</sup> (in CHF bn)



## Strategies

- Specialist fixed income as primary driver, along with good growth in alternative risk premia and momentum in some absolute return offerings
- European and emerging market equities with strong inflows

## Geographies

- Europe remains core
- Significant wins in other regions, notably APAC

## Channels

- Strong inflows through intermediaries
- Improving institutional coverage while building the consultant channels

<sup>1</sup> Net fund flows for investment management.

# Top 10 Strategies by Net Flows

Growing diversification across investment strategies

Strategy	Capability	Net inflows <sup>1</sup> (in CHF m)	AuM <sup>2</sup> (in CHF m)
Credit Opportunities	Fixed income	7,931	12,161
Local Emerging Bond	Fixed income	3,599	9,303
Trade Finance	Fixed income	1,668	2,430
Alternative Risk Premia	Systematic	1,213	1,459
Mortgage Backed Securities	Fixed income	811	1,806
Continental European Equity	Equity	756	2,249
Emerging Markets Equity	Equity	485	820
Absolute Return Bond	Absolute return	464	11,077
Merger Arbitrage	Absolute return	400	650
Cat Bonds	Fixed income	313	2,899

<sup>1</sup> For full year 2017.

<sup>2</sup> As at 31.12.2017.

# Executed on 2017 Strategic Priorities

Well on track to deliver on our strategic plan



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



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# **2017** FINANCIALS

Richard McNamara, Group CFO

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# 2017 Financial Summary

Our strategy is starting to deliver results

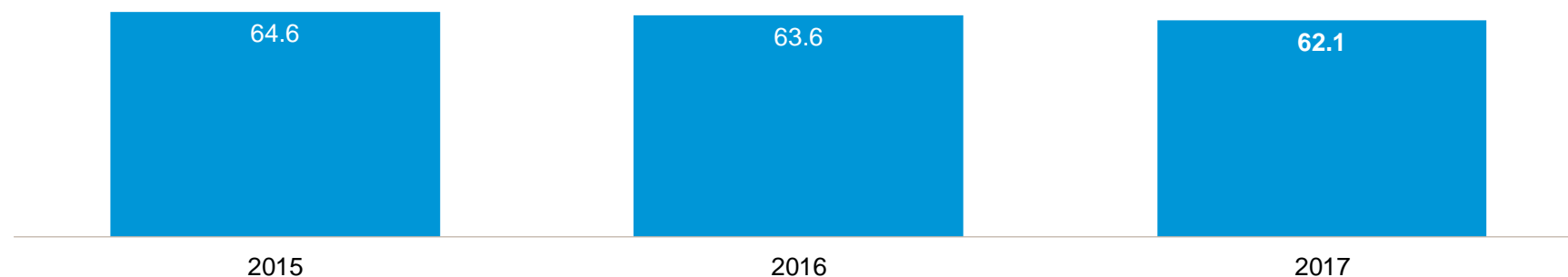
(in CHF m, except where indicated)	2016	2017	Change <sup>1</sup>	
Net management fees and commissions	470.5	503.6	7%	↗
of which investment management	434.4	463.8	7%	↗
of which private labelling	36.1	39.8	10%	↗
Net performance fees	3.0	44.1	n/m	↗
<b>Net fee and commission income</b>	<b>473.5</b>	<b>547.7</b>	<b>16%</b>	<b>↗</b>
Net other income	5.1	2.2	(57%)	↘
<b>Income</b>	<b>478.6</b>	<b>549.9</b>	<b>15%</b>	<b>↗</b>
Expenses	358.5	377.4	5%	↗
<b>Underlying profit before taxes</b>	<b>120.1</b>	<b>172.5</b>	<b>44%</b>	<b>↗</b>
Underlying income tax expense	25.9	35.4	37%	↗
Underlying net profit	94.2	137.1	46%	↗
<b>Diluted underlying EPS (CHF)</b>	<b>0.60</b>	<b>0.86</b>	<b>43%</b>	<b>↗</b>
<b>Operating margin (%)</b>	<b>24.3%</b>	<b>31.1%</b>	<b>+6.8 pp</b>	<b>↗</b>
<b>AuM investment management (CHF bn)</b>	<b>68.2</b>	<b>84.4</b>	<b>24%</b>	<b>↗</b>
<b>AuM private labelling (CHF bn)</b>	<b>52.5</b>	<b>74.3</b>	<b>42%</b>	<b>↗</b>

<sup>1</sup> Relative percentage change, except for the operating margin which reflects the absolute change in percentage points (pp).

# Management Fee Margin

Stable margin; strategies with margins between 50 and 100 bps seeing growth

## Management fee margin<sup>1</sup> (in bps)



## Management fee margin by capability

Capability	AuM as at 31.12.2017 (in CHF bn)	Management fee margin 2017 (in bps)
Absolute return	15.6	77
Fixed income	37.1	58
Equity	12.6	73
Systematic	4.7	100
Multi asset	9.5	23
Alternatives	4.9	55

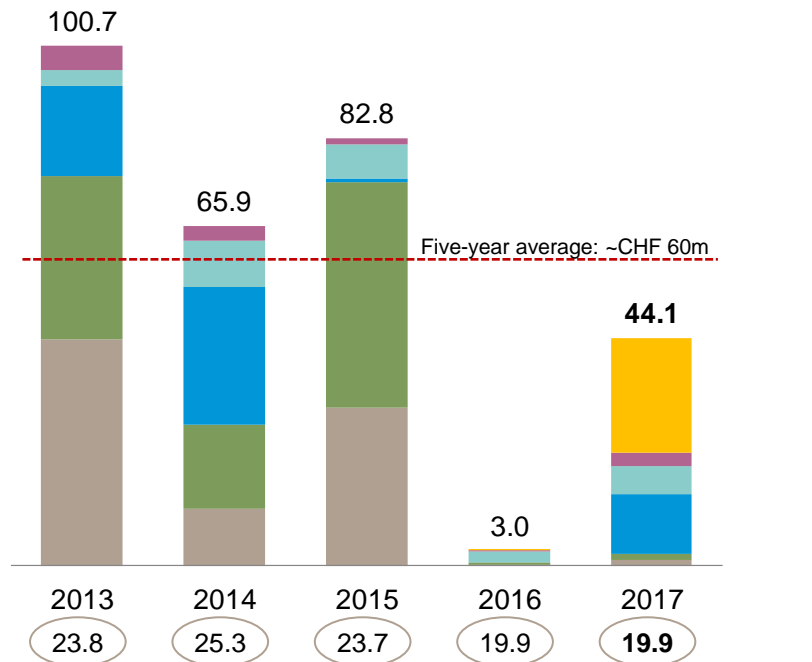
<sup>1</sup> Management fee margin for investment management.

# Net Performance Fees Rebound

Performance fees returning to more normalised levels

## Performance fees

(in CHF m)

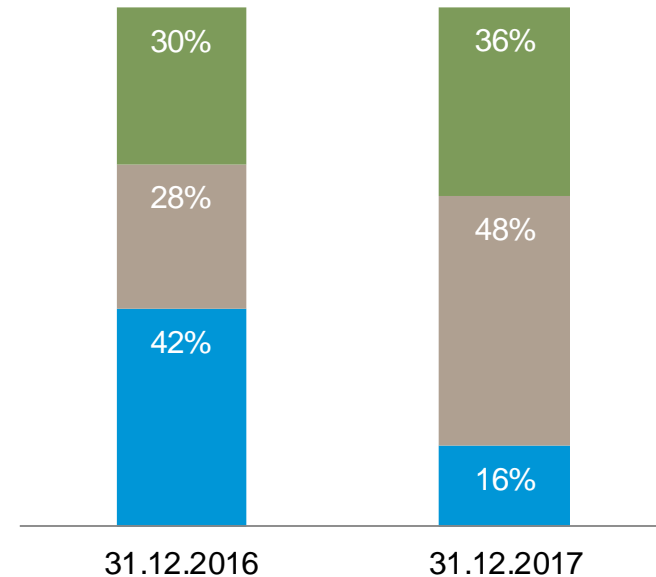


- Unconstrained fixed income
- Global macro/managed futures
- Non-directional equity
- Other fixed income strategies
- Systematic
- Other

○ Performance fee eligible assets as at year-end (in CHF bn)

## AuM compared with high-water mark

(in %)



- AuM more than 5% below high-water mark
- AuM within 5% of high-water mark
- AuM at or above high-water mark

# Top Line Growth Accelerating

Well positioned for further top line growth in 2018

	AuM 31.12.2017		Estimated exit margin 31.12.2017		Implied annual exit revenues 31.12.2017 <sup>1</sup>
Investment management	<b>CHF 84.4bn</b>	<b>x</b>	<b>62.1bps</b>	<b>=</b>	<b>~CHF 524m</b>
Private labelling	<b>CHF 74.3bn</b>	<b>x</b>	<b>5.7bps</b>	<b>=</b>	<b>~CHF 42m</b>

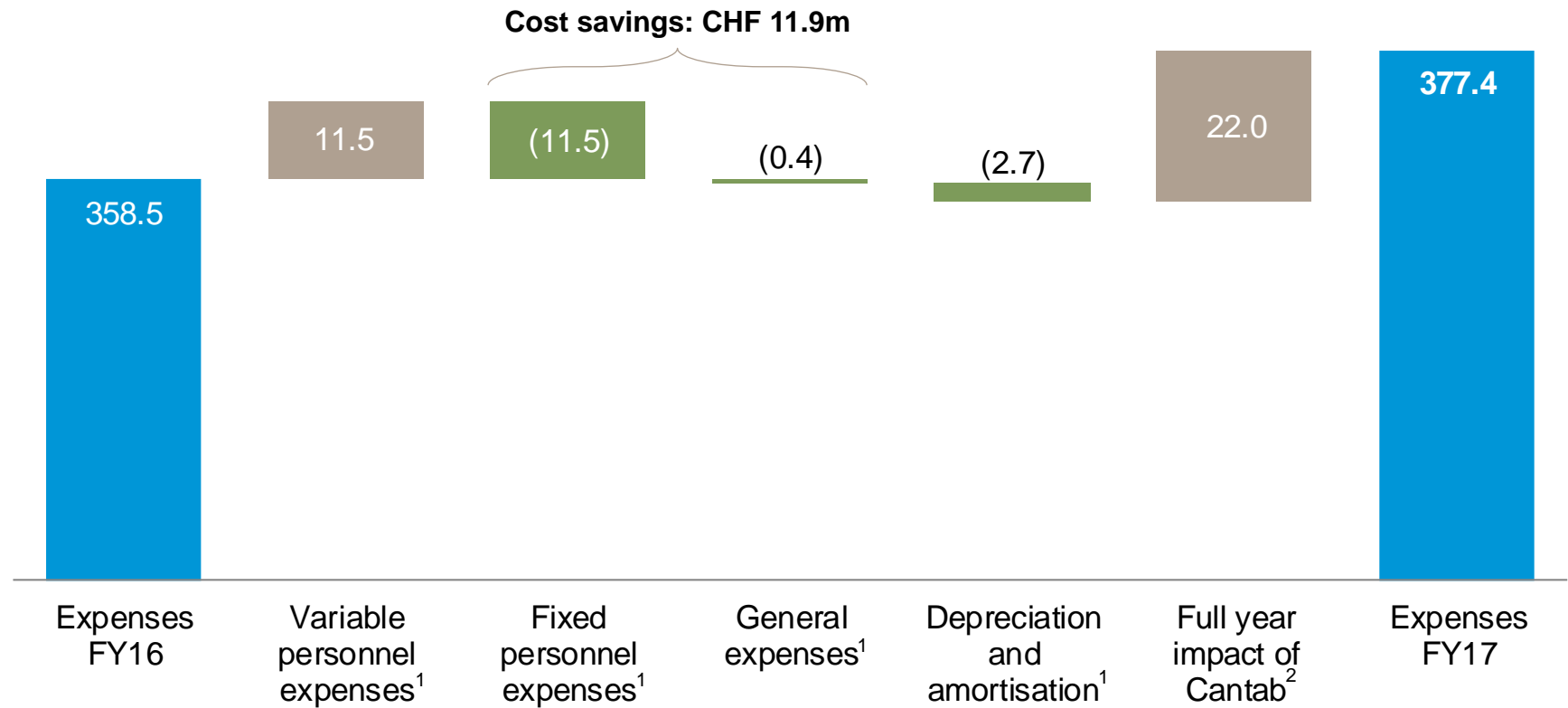
<sup>1</sup> Indicative only. This is not a prediction of future revenues.

# Expense Drivers

Costs being tightly managed and target savings achieved

## Expenses movement

(in CHF m)



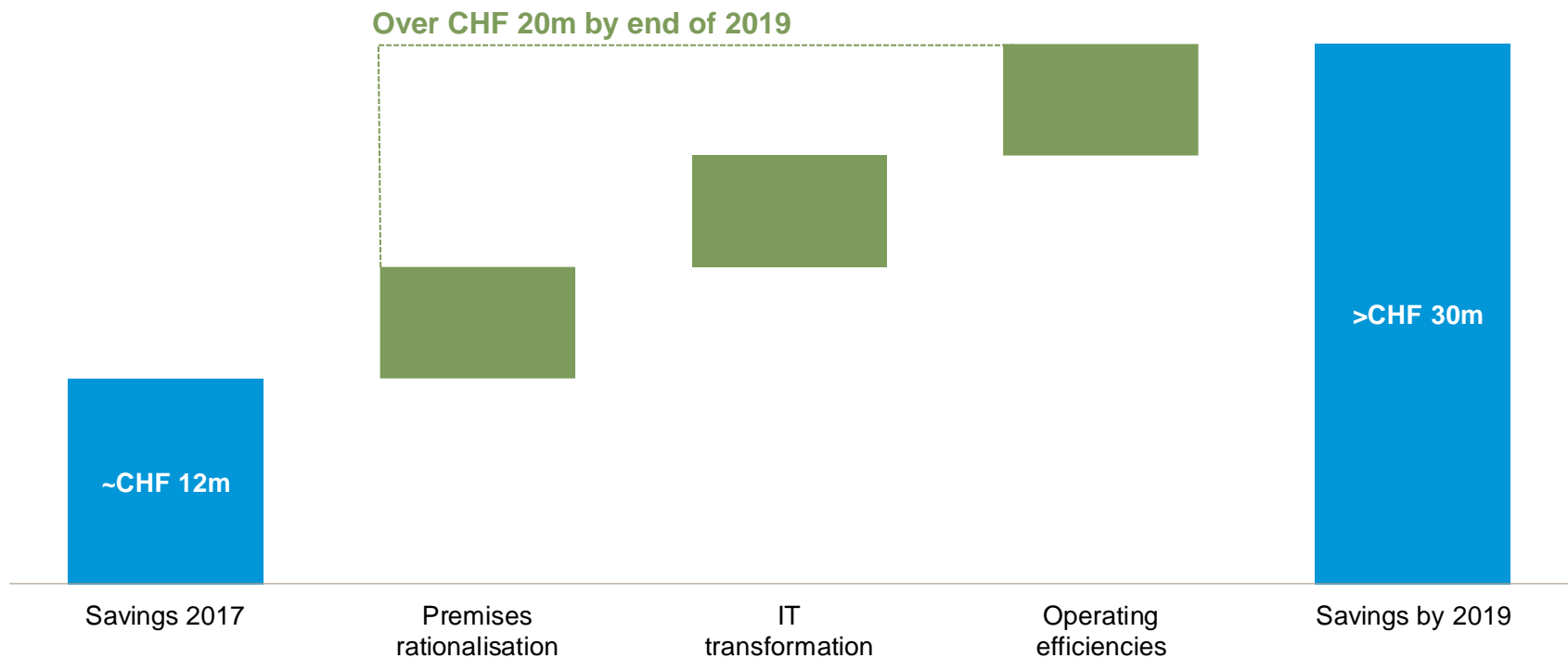
<sup>1</sup> Excluding the year-on-year impact of Cantab.

<sup>2</sup> CHF 12.5m related to the increase in variable personnel expenses, mainly as a result of higher performance fees in 2017.

# Efficiency Gains 2017–2019

Streamlining of organisation, processes and systems ongoing

## Components delivering cost savings<sup>1</sup>



<sup>1</sup> Cost savings bridge for illustrative purposes only. Phasing, source and size of savings by component will vary.

# Steps to Further Growth and Competitive Positioning

Building on GAM's turnaround in 2018 to improve operating leverage

**Accelerating growth requires additional resources**



**Investing to unlock growth and leverage opportunities**

**Investment capabilities**

- New investment talent
- Key new product launches

**Distribution strength**

- New geographies
- Adding specialist capabilities

**Client service**

- Research costs absorbed
- Digitalisation

**Scalable platform**

- IT systems integration and enhancement
- Data and process enhancements

**Regulatory landscape**

- Enhanced risk systems
- Meeting increased regulatory complexity



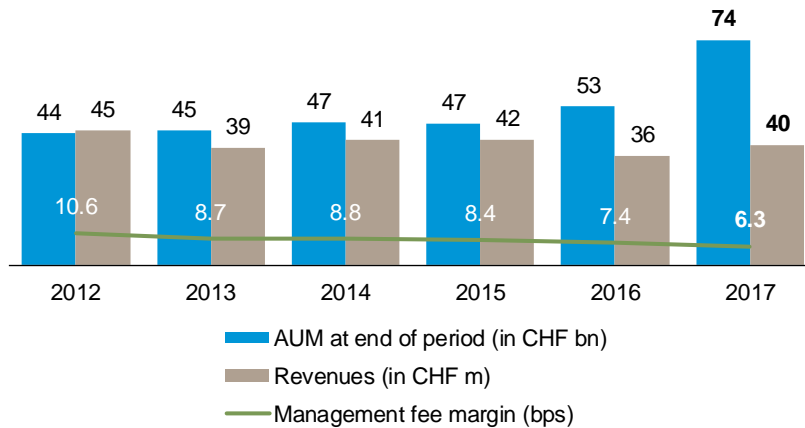
**Continued operating margin improvement in 2018**



# Private Labelling

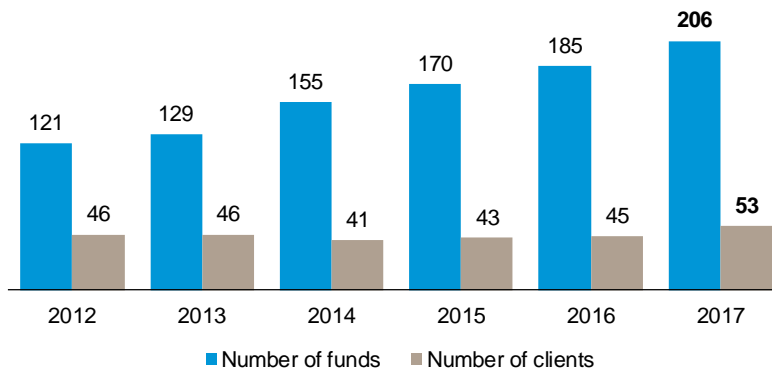
Capitalising on strong demand and building for scale

## AuM, revenues and management fee margin



- Capitalising on **sector growth** through specialist fund servicing
- Recent **margin development** driven by one exceptionally large client

## Number of funds and clients



- Building to **achieve scale** benefits
- **Expanding number of clients and products** across a variety of asset classes
- **Average length** of client relationships is over six years<sup>1</sup>

<sup>1</sup> As at 31.12.2017, including new clients acquired during 2017.

# Stable Cash-Generative Business

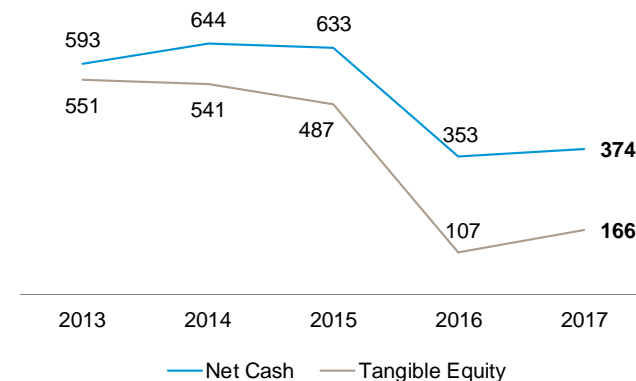
Rebuilding capital buffers through retained earnings

## Cash and capital

- **Prudent approach to capital management**
- **No external debt**
- Revolving credit facility of CHF 100m
- Cash and capital **being rebuilt**, but will not return to pre-2016 levels

## Cash and tangible equity

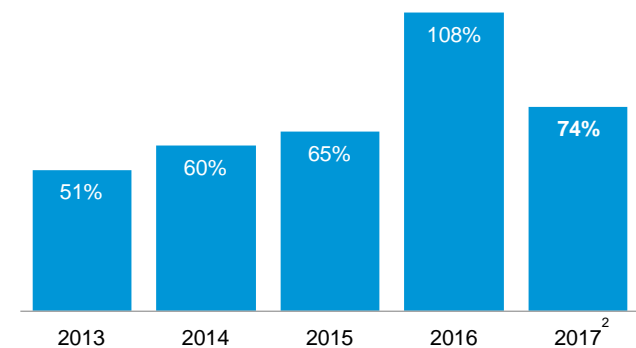
(in CHF m)



## Shareholder returns

- **Dividend** – unchanged policy for a progressive, predictable and sustainable ordinary dividend
- **Organic growth** – focus on organic growth and return on investment
- **Additional shareholder returns** – surplus capital distribution evaluated as capital buffers are rebuilt

## Dividend payout ratio<sup>1</sup>



<sup>1</sup> Dividend payout as % of underlying net profit attributable to the shareholders of the Group.

<sup>2</sup> Expected 2017 dividend payout ratio based on proposed dividend of CHF 0.65 per share and shares outstanding as at 31.12.2017 of 156,321,458.

# 2017 IFRS Net Profit

Primarily impacted by non-recurring items

(in CHF m, except where indicated)	2016	2017	Change
<b>Underlying profit before taxes</b>	<b>120.1</b>	<b>172.5</b>	<b>44%</b>
Acquisition-related items <sup>1</sup>	8.6	(3.1)	n/m
Non-recurring items <sup>2</sup>	2.9	(21.2)	n/m
<b>IFRS profit before taxes</b>	<b>131.6</b>	<b>148.2</b>	<b>13%</b>
Income tax expense/(credit) <sup>3</sup>	(2.7)	25.0	n/m
<b>IFRS net profit</b>	<b>134.3</b>	<b>123.2</b>	<b>(8%)</b>
<b>Underlying effective tax rate (%)</b>	<b>21.5</b>	<b>20.5</b>	<b>(5%)</b>

<sup>1</sup> Items which are an accounting consequence of completed acquisitions, not directly relating to the operating activities of the acquired business.

<sup>2</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>3</sup> Income tax credit in 2016 related to a non-recurring tax credit mainly 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.

# Summary

Well on track to reach our group targets over the business cycle (5–8 years)

**Turnaround progressing well, starting to show in our financial results**

**Well positioned for continued business growth in 2018**

**Will deliver further efficiency gains and invest for growth**

**Continued operating margin improvement in 2018**

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# **STRATEGY** **AND** **OUTLOOK**

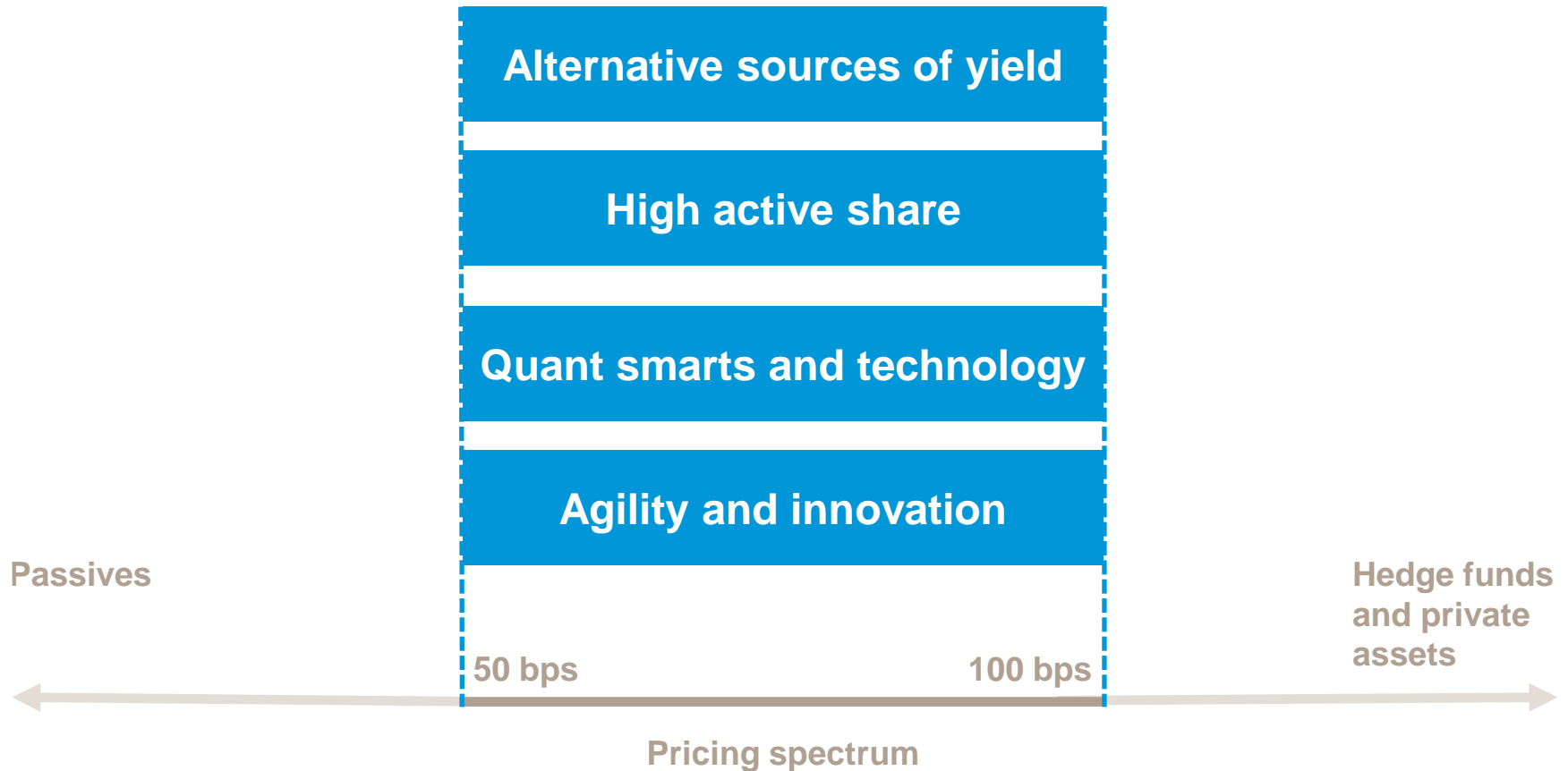
Alexander S. Friedman, Group CEO

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# Barbell 2.0 – The ‘New Actives’

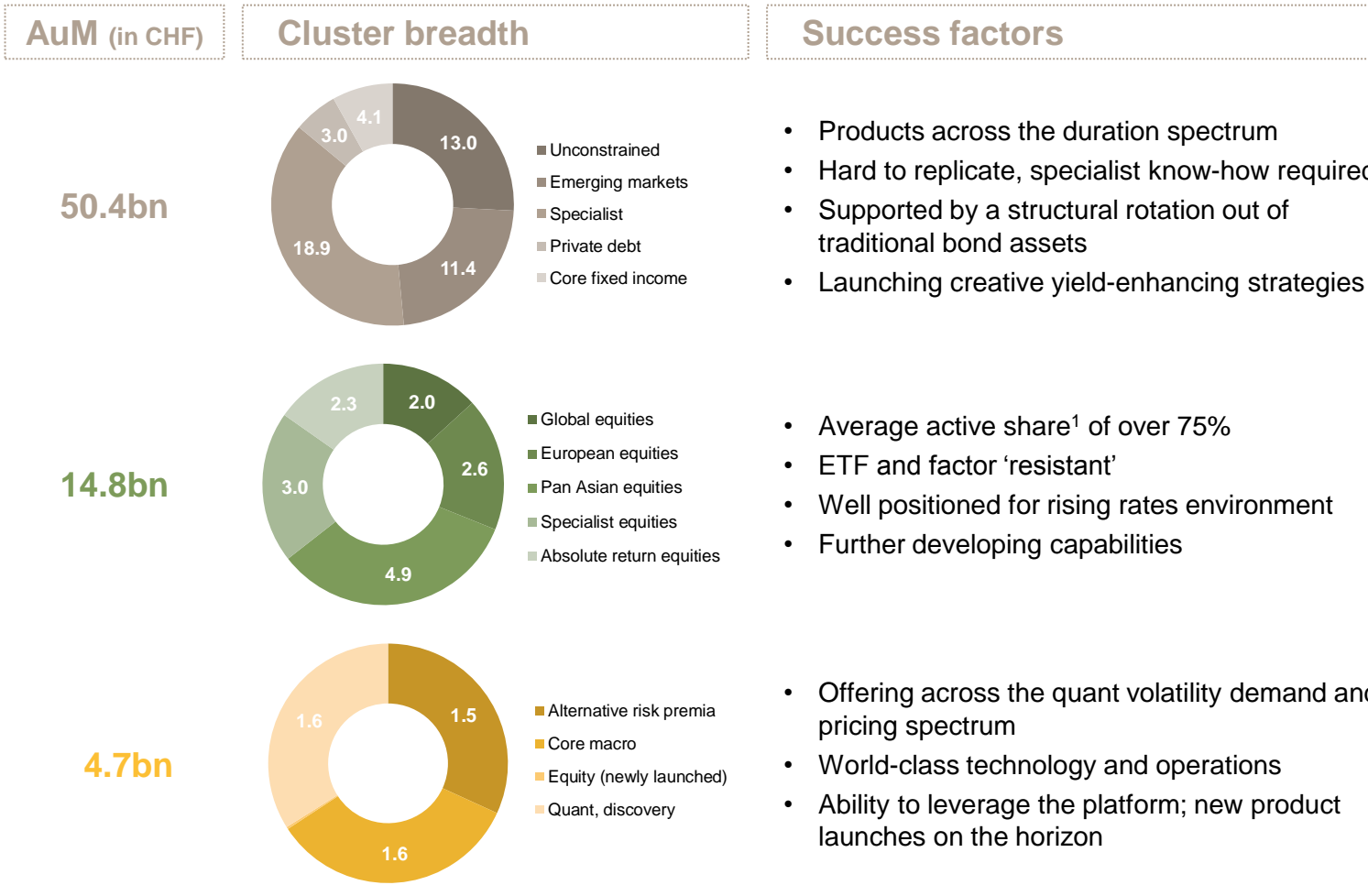
Differentiated active strategies ideally positioned for structural demand

## New actives



# Strength and Breadth Across Product Capabilities

Addressing deep and growing pools of investor demand globally



<sup>1</sup> As at 31.12.2017.

# Sales and Distribution

Strengthened team in place and performing

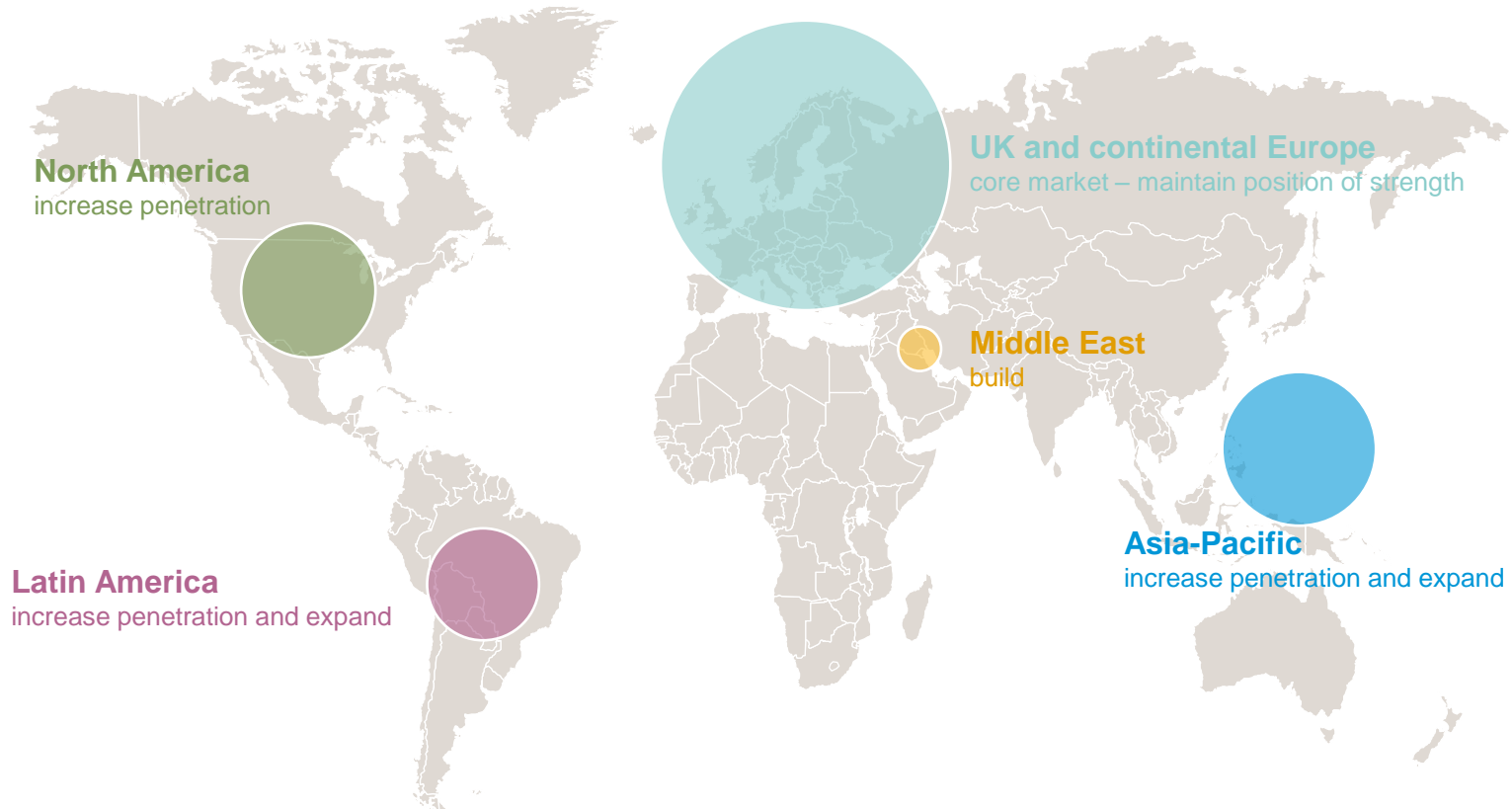
## Distribution strategy implemented

Alignment of single  
global team

Actively addressing new  
markets

Consultant team to  
broaden institutional  
coverage

Structured approach to  
sales lifecycle



Note: bubble sizes are approximations of the AuM per region as at 31.12.2017.



# Priorities for 2018 and Beyond

Investing for future growth and scalability

Investment performance	Differentiated product offering	Global distribution	Operating efficiency
<ul style="list-style-type: none"><li>• Continue to deliver strong investment performance</li><li>• Invest in new talent</li><li>• Expand application of quant know-how, data, trading and risk capabilities</li></ul>	<ul style="list-style-type: none"><li>• Expand in new actives sweetspot</li><li>• Continue momentum in new generation quant</li><li>• Build further scale in private labelling</li></ul>	<ul style="list-style-type: none"><li>• Increase client penetration</li><li>• Expand presence in APAC, North America and Latam</li><li>• Build and leverage client relationships</li></ul>	<ul style="list-style-type: none"><li>• Invest in a scalable platform</li><li>• Continue to drive multi-year change programme</li><li>• Deliver on efficiency gains</li></ul>



**Operating margin**  
35–40%

**Annualised growth in diluted EPS > 10%**

- Markets have become more volatile and challenging for investors in 2018
- Investors remain cautious and very price sensitive, but GAM is well positioned to address their needs
- Accelerating turnaround in 2018 as we continue to execute our strategy, realise further efficiency gains and invest for future growth
- GAM well positioned to capture growing investor demand for strategies that offer true diversification versus traditional asset classes

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# APPENDIX

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# Optionality Across GAM's Core Product Range

	AuM (in CHF bn)	Core strategies <sup>1</sup>	Build & grow	Near-term pipeline
<b>Absolute return</b>	15.6	Unconstrained fixed income CHF 11.1bn Global rates CHF 1.7bn Euro equity long/short CHF 1.5bn Merger arbitrage CHF 0.6bn	EM long/short Financials long/short Absolute return macro	Absolute return global equity
<b>Fixed income</b>	37.1	Credit opportunities CHF 12.2bn EM CHF 10.5bn Cat bonds CHF 2.9bn MBS CHF 1.8bn	EM opportunities Real estate debt (UK) EM rates	Insurance-linked securities Global income Real estate debt (Europe)
<b>Equity</b>	12.6	Europe CHF 2.6bn Japan CHF 2.6bn China CHF 1.0bn EM CHF 0.8bn	UK equity income China evolution Specialist equities	International equities (EAFE)
<b>Systematic</b>	4.7	Quantitative CHF 1.6bn Core macro CHF 1.5bn Alternative risk premia CHF 1.5bn	Core macro (UCITS) Global equity market neutral (UCITS) Discovery	Global equity long only Core macro (UCITS, lower volatility)
<b>Multi asset</b>	9.5	Institutional CHF 4.7bn Private client CHF 2.0bn Risk rated CHF 1.5bn	Target return	Flexible asset allocation
<b>Alternatives</b>	4.9	Fund of hedge funds CHF 2.5bn Commodities CHF 2.3bn	Opportunistic credit	

<sup>1</sup> Core strategies represent the aggregate number of several funds and mandates following the same strategy.  
 Abbreviations: MBS = mortgage-backed securities; EM = emerging markets; EAFE = Europe, Australasia and the Far East;  
 UCITS = Undertakings for Collective Investment in Transferable Securities.

# Specialist Fixed Income / Equity

## Specialist fixed income

(AuM as at 31.12.2017)

Unconstrained (AuM: CHF 13.0bn)	Emerging markets (AuM: CHF 11.4bn)		Specialist (AuM: CHF 18.9bn)	Private debt (AuM: CHF 3.0bn)	Core (AuM: CHF 4.1bn)
Global	Local	International			Global/regional
ARFI Global rates Discretionary FX Dynamic Total return	Local EM bond EM inflation linked	Emerging EM investment grade EM corporate bonds	ABS MBS Cat bonds Convertibles Credit/high yield Inflation linked	Real estate debt Trade finance	Differentiated core
	EM opportunities EM rates Absolute return EM				

## Equity

(AuM as at 31.12.2017)

Global (AuM: CHF 2.0bn)	European (AuM: CHF 2.6bn)	Pan Asian (AuM: CHF 4.9bn)	Specialist (AuM: CHF 3.0bn)	Absolute return (AuM: CHF 2.3bn)
Global Global EM Global equity income	Core Europe UK	Japan APAC/China (core) Pacific specialist APAC/China (growth)	Switzerland US growth Euroland value Technology Luxury Healthcare Germany	Non-directional European absolute return

# GAM Systematic Platform

<b>Alternative risk premia</b> (AuM <sup>1</sup> : CHF 1.5bn)	<b>Core macro</b> (AuM <sup>1</sup> : CHF 1.6bn)	<b>Equity market neutral and long-only</b> (new launches)	<b>Quantitative and discovery</b> (AuM <sup>1</sup> : CHF 1.6bn)
<p><b>Alternative risk premia</b></p> <ul style="list-style-type: none"> <li>• Simple alternative beta</li> <li>• Premia harvestings, low turnover, focus on capital preservation</li> <li>• Playing strongly into current 'hot themes'</li> <li>• Team led by founding father of ARP, Lars Jaeger</li> </ul>	<p><b>Core macro</b></p> <ul style="list-style-type: none"> <li>• Plays on an equal footing to macro funds, quant multi strats, trend CTAs; not boxed into CTA allocation</li> <li>• Diversification/low correlation at ~10% vol.</li> <li>• High edge in systems, trading, research</li> <li>• Institutional and wholesale friendly formats – offshore and UCITS</li> </ul>	<p><b>Global market neutral</b></p> <ul style="list-style-type: none"> <li>• Newly launched</li> <li>• Zero equity beta</li> <li>• 6–8% vol.</li> <li>• Solid performance start and approaching one-year mark</li> </ul> <p><b>Global long only</b></p> <ul style="list-style-type: none"> <li>• In development at c. 75bps flat – thoughtful alternative to global equity allocations, whether discretionary, passive or systematic</li> </ul>	<p><b>Quantitative</b></p> <ul style="list-style-type: none"> <li>• Quantitative high-edge multi-strategy</li> <li>• 1 and 20 for 10% vol. target, 2 and 20 for 20% vol. target; sophisticated target investors with high risk and fee tolerance</li> </ul> <p><b>Discovery</b></p> <ul style="list-style-type: none"> <li>• Cayman fund launched to solid interest; niche offering that could strengthen broader demand</li> </ul>
<p>← Lower ————— Pricing spectrum ————— Higher →</p>			

<sup>1</sup> As at 31.12.2017.

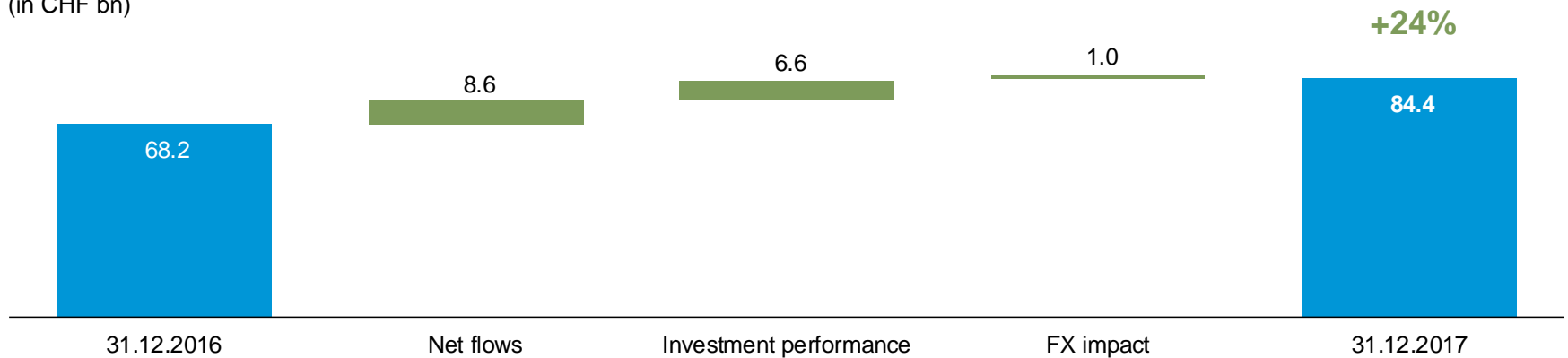
# Investment Performance<sup>1</sup>

Capability	3-year			5-year		
	31.12.2016	31.12.2017	Δ in pp	31.12.2016	31.12.2017	Δ in pp
Absolute return	43%	76%	➔ 33	92%	66%	➔ (26)
Fixed income	74%	82%	➔ 8	73%	51%	➔ (22)
Equity	54%	67%	➔ 13	40%	68%	➔ 28
Systematic	100%	100%	➔ 0	0%	40%	➔ 40
Alternatives	47%	0%	➔ (47)	47%	0%	➔ (47)
<b>Total</b>	<b>60%</b>	<b>77%</b>	<b>➔ 17</b>	<b>68%</b>	<b>56%</b>	<b>➔ (12)</b>

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

# Assets under Management

## Investment management (in CHF bn)



## Private labelling (in CHF bn)





# AuM Development by Capability

## Investment management (in CHF bn)

Capability	AuM 31.12.16	Net flows	Market	FX	AuM 30.06.17	Net flows	Market	FX	AuM 31.12.17
Absolute return	16.3	(0.6)	0.7	(0.3)	16.1	(1.0)	(0.2)	0.7	15.6
Fixed income	20.8	6.0	1.2	(0.6)	27.4	7.9	0.8	1.0	37.1
Equity	12.5	(2.2)	1.0	(0.3)	11.0	-	1.1	0.5	12.6
Systematic	3.8	(0.1)	0.2	(0.2)	3.7	0.2	0.7	0.1	4.7
Multi asset	9.6	(0.9)	0.4	-	9.1	(0.1)	0.3	0.2	9.5
Alternatives	5.2	(0.3)	0.2	(0.2)	4.9	(0.3)	0.2	0.1	4.9
<b>Total</b>	<b>68.2</b>	<b>1.9</b>	<b>3.7</b>	<b>(1.6)</b>	<b>72.2</b>	<b>6.7</b>	<b>2.9</b>	<b>2.6</b>	<b>84.4</b>

# 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	30.06.17	31.12.17
Absolute return	22.2	21.5	23.1	19.2	16.3	16.1	15.6
Fixed income	19.5	19.0	18.6	19.3	20.8	27.4	37.1
Equity	13.8	13.9	13.4	10.7	12.5	11.0	12.6
Systematic	-	-	-	-	3.8	3.7	4.7
Multi asset	12.9	12.2	11.9	10.7	9.6	9.1	9.5
Alternatives	7.7	6.9	5.3	5.6	5.2	4.9	4.9
<b>Total</b>	<b>76.1</b>	<b>73.5</b>	<b>72.3</b>	<b>65.5</b>	<b>68.2</b>	<b>72.2</b>	<b>84.4</b>

## Investment management net flows by capability

(in CHF bn)

	H1 2015	H2 2015	H1 2016	H2 2016	H1 2017	H2 2017
Absolute return	1.1	1.0	(2.6)	(3.1)	(0.6)	(1.0)
Fixed income	1.0	(0.6)	(0.2)	1.3	6.0	7.9
Equity	(0.2)	(0.3)	(1.6)	(1.7)	(2.2)	-
Systematic	-	-	-	(0.2)	(0.1)	0.2
Multi asset	0.3	(0.4)	(1.0)	(1.4)	(0.9)	(0.1)
Alternatives	(0.2)	(1.4)	(0.2)	-	(0.3)	(0.3)
<b>Total</b>	<b>2.0</b>	<b>(1.7)</b>	<b>(5.6)</b>	<b>(5.1)</b>	<b>1.9</b>	<b>6.7</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	30.06.17	31.12.17
Intermediaries	32.8	31.6	31.4	27.2	28.4	31.7	40.6
Institutional clients	34.3	33.8	33.7	32.0	34.0	35.4	38.5
Private clients	9.0	8.1	7.2	6.3	5.8	5.1	5.3
<b>Total</b>	<b>76.1</b>	<b>73.5</b>	<b>72.3</b>	<b>65.5</b>	<b>68.2</b>	<b>72.2</b>	<b>84.4</b>

## Investment management net flows by client segment

(in CHF bn)

	H1 2015	H2 2015	H1 2016	H2 2016	H1 2017	H2 2017
Intermediaries	0.6	(0.5)	(3.3)	(2.2)	2.3	5.9
Institutional clients	1.9	(0.6)	(1.5)	(2.2)	0.3	1.0
Private clients	(0.5)	(0.6)	(0.8)	(0.7)	(0.7)	(0.2)
<b>Total</b>	<b>2.0</b>	<b>(1.7)</b>	<b>(5.6)</b>	<b>(5.1)</b>	<b>1.9</b>	<b>6.7</b>

# AuM by Product Type

## Investment management AuM by product type

(in CHF bn)

	31.12.14	31.12.15	30.06.16	31.12.16	30.06.17	31.12.17
Luxembourg SICAVs	26.1	23.9	20.5	19.0	20.5	23.5
Segregated accounts	18.2	17.4	15.6	17.4	15.3	15.7
Ireland UCITS	14.4	15.7	14.7	14.3	18.9	26.1
Offshore	8.3	7.4	6.4	6.6	6.0	5.9
Swiss funds	7.2	6.2	6.7	6.4	6.6	6.9
OEICs / unit trusts	1.9	1.5	1.4	1.7	1.4	1.1
LPs & LLCs	-	0.2	0.2	2.8	3.5	5.0
FCP RAIF	-	-	-	-	-	0.2
<b>Total</b>	<b>76.1</b>	<b>72.3</b>	<b>65.5</b>	<b>68.2</b>	<b>72.2</b>	<b>84.4</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	30.06.17	31.12.17
Switzerland	35.4	37.9	31.4	31.7	31.7	33.1	33.6
Rest of Europe	9.0	10.6	15.3	16.3	20.8	26.0	40.7
Other	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>	<b>59.1</b>	<b>74.3</b>

## By asset class

(in CHF bn)

	31.12.14	30.06.15	31.12.15	30.06.16	31.12.16	30.06.17	31.12.17
Fixed income	20.4	21.8	19.3	19.8	23.5	28.6	34.8
Equity	20.4	22.3	20.5	21.1	21.4	22.7	24.7
Money market	3.0	2.9	2.5	2.4	2.5	2.5	2.7
Alternative	3.3	3.7	4.4	4.7	5.1	5.3	12.1
<b>Total</b>	<b>47.1</b>	<b>50.7</b>	<b>46.7</b>	<b>48.0</b>	<b>52.5</b>	<b>59.1</b>	<b>74.3</b>

# Key Figures

## Investment management

(in CHF, except where indicated)

	FY 2014	H1 2015	H2 2015	FY 2015	H1 2016	H2 2016	FY 2016	H1 2017	H2 2017	FY 2017
Net management fees and commissions (m)	501.6	236.9	239.3	476.2	214.1	220.3	434.4	218.7	245.1	463.8
Net performance fees (m)	65.9	44.1	38.7	82.8	1.2	1.8	3.0	19.3	24.8	44.1
<b>Net fee and commission income (m)</b>	<b>567.5</b>	<b>281.0</b>	<b>278.0</b>	<b>559.0</b>	<b>215.3</b>	<b>222.1</b>	<b>437.4</b>	<b>238.0</b>	<b>269.9</b>	<b>507.9</b>
Assets under management at the end of the period (bn)	76.1	73.5	72.3	72.3	65.5	68.2	68.2	72.2	84.4	84.4
Average assets under management (bn)	72.9	73.6	73.8	73.7	68.5	67.7	68.3	70.0	79.0	74.7
Net flows (bn)	2.0	2.0	(1.7)	0.3	(5.6)	(5.1)	(10.7)	1.9	6.7	8.6
Total fee margin (bps)	77.8	76.4	75.3	75.8	62.9	65.7	64.1	68.0	68.3	68.0
Management fee margin (bps)	68.8	64.4	64.8	64.6	62.5	65.1	63.6	62.5	62.1	62.1

## Private labelling

(in CHF, except where indicated)

	FY 2014	H1 2015	H2 2015	FY 2015	H1 2016	H2 2016	FY 2016	H1 2017	H2 2017	FY 2017
Net management fees and commissions (m)	41.3	20.8	20.8	41.6	17.5	18.6	36.1	19.7	20.1	39.8
Net performance fees (m)	-	-	-	-	-	-	-	-	-	-
<b>Net fee and commission income (m)</b>	<b>41.3</b>	<b>20.8</b>	<b>20.8</b>	<b>41.6</b>	<b>17.5</b>	<b>18.6</b>	<b>36.1</b>	<b>19.7</b>	<b>20.1</b>	<b>39.8</b>
Assets under management at the end of the period (bn)	47.1	50.7	46.7	46.7	48.0	52.5	52.5	59.1	74.3	74.3
Average assets under management (bn)	46.7	49.5	49.9	49.6	47.2	50.5	48.9	56.4	69.5	63.3
Net flows (bn)	(0.8)	4.3	(1.6)	2.7	0.9	3.4	4.3	4.5	11.2	15.7
Management fee margin (bps)	8.8	8.4	8.3	8.4	7.4	7.3	7.4	7.0	5.8	6.3

# 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	30.06.17	31.12.17
Unconstrained fixed income	13.0	16.0	14.1	14.1	12.4	10.6	8.7	6.7	5.9	6.2	6.6
Global macro/managed futures	2.0	3.4	2.7	2.8	3.0	3.4	3.9	3.2	2.4	1.7	1.6
Non-directional equity	1.4	2.0	2.7	3.6	3.8	4.1	5.7	5.1	3.7	2.7	2.3
Other fixed income strategies	0.9	0.6	1.1	1.4	1.4	1.3	1.4	1.4	1.3	1.9	2.2
Systematic	-	-	-	-	-	-	-	-	2.9	2.4	2.8
Other	1.7	2.1	3.2	4.2	4.7	4.6	4.0	3.3	3.7	3.9	4.4
<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>	<b>18.8</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	H1 2017	H2 2017
Unconstrained fixed income	16.8	0.5	26.9	(0.1)	0.8	-	-	-	11.3	0.1
Global macro/managed futures	38.2	5.7	(0.8)	11.8	26.0	4.7	-	0.1	0.4	0.6
Non-directional equity	10.2	21.6	4.5	11.8	10.7	32.9	-	0.6	0.4	1.0
Other fixed income strategies	2.3	0.9	2.9	5.9	5.8	0.7	1.0	1.0	4.3	1.1
Systematic	-	-	-	-	-	-	-	0.1	0.4	21.9
Other	3.4	1.1	1.4	1.6	0.8	0.4	0.2	-	2.5	0.1
<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>	<b>19.3</b>	<b>24.8</b>

# Performance Fee Eligible Assets Analysis

As at 31 December 2017

	Unconstrained fixed income	Global macro/ managed futures	Non-directional equity	Systematic	Other fixed income strategies	Other <sup>1</sup>	Total
Performance fee eligible AuM (CHF bn)	6.6	1.6	2.3	2.8	2.2	4.4	19.9
No. of PF eligible funds/mandates	13	6	13	11	13	28	84
Performance fees 2017 (CHF m)	11.4	1.0	1.4	22.3	5.4	2.6	44.1
Number of funds/mandates generating fees in 2017	10	5	4	7	9	11	46
AuM on 31.12.2017 generating performance fees in 2017 (CHF bn)	6.1	0.2	0.8	1.4	1.7	0.8	11.0
AuM with potential crystallisation in H1 2018 <sup>2</sup> (CHF bn)	6.2	1.2	1.4	2.8	1.7	0.9	14.2
AuM with potential crystallisation in H2 2018 (CHF bn)	0.4	0.4	0.9	0.0	0.5	3.5	5.7
No. of funds/mandates with potential crystallisation in H1 2018 <sup>3</sup>	12	1	7	11	8	10	49
No. of funds/mandates with potential crystallisation in H2 2018	1	5	6	0	5	18	35
AuM at or above high-water mark/benchmark as at 31.12.17 (CHF bn)	0.5	0.0	0.6	2.4	1.6	2.0	7.2
AuM within 5% of high-water mark/benchmark as at 31.12.17 (CHF bn)	6.0	0.1	0.8	0.4	0.2	2.1	9.6
Performance fee range	10-20%	10%	10-20%	10-25%	10-20%	7-25%	
Frequency	Quarterly & annually	Bi-annually	Quarterly & annually	Monthly, quarterly & annually	Quarterly & annually	Quarterly & annually	
Methodology	High-water mark & benchmark	High-water mark & benchmark	High-water mark & benchmark	High-water mark & benchmark	High-water mark & benchmark	High-water mark & benchmark	

<sup>1</sup> Mainly representing strategies managed by external fund managers, for which performance fees are shared between these managers and GAM.

<sup>2</sup> H1 2018 including CHF 1.9bn AuM with quarterly crystallisation dates (31.03/30.06/30.09/31.12). These AuM are excluded from H2 2018.

<sup>3</sup> H1 2018 including 16 funds and mandates with quarterly crystallisation dates (31.03/30.06/30.09/31.12). These funds and mandates are excluded from H2 2018.



# Key Performance Fee Eligible Strategies

As at 31 December 2017

	Fund	AuM (CHF bn)	% (below)/ above HWM <sup>1</sup>	Crystallisation date	Performance fee rate	Last HWM <sup>1</sup> date
<b>Unconstrained fixed income</b>	Absolute Return Bond Fund	3.1	(1%)	30.06	10%	30.06.17
	Absolute Return Bond Fund Plus	1.6	(1%)	30.06	10%	30.06.17
	Absolute Return Bond Fund Defender	0.6	(1%)	30.06	10%	30.06.14
	Managed accounts	1.3	(1%)	various	10%/15%/20%	various
	<b>Total AuM</b>	<b>6.6</b>				
<b>Systematic</b>	Quantitative Fund	1.6	7%	quarterly	20%	31.03.15
	Core Macro	0.7	8%	quarterly	10%	31.03.15
	Discovery	0.0	2%	30.06	20%	31.10.17
	GAM Systematic Core Macro	0.1	9%	30.06	10%	31.03.15
	GAM Systematic Global Equity Market Neutral	0.0	3%	30.06	15%	25.10.16
	Managed accounts	0.4	4%	various	10%/15%/20%/25%	various
	<b>Total AuM</b>	<b>2.8</b>				
<b>Global macro/ managed futures</b>	GAM Star Global Rates	1.2	(14%)	30.06	10%	30.06.15
	Global Rates Hedge	0.3	(8%)	31.12	10%	31.12.15
	Managed accounts	0.1	(10%)	31.12	10%	various
	<b>Total AuM</b>	<b>1.6</b>				
<b>Non-directional equity</b>	GAM Absolute Return Europe Equity	0.8	(3%)	30.06	10%	30.06.15
	GAM Star (Lux) - European Alpha	0.5	(9%)	quarterly	15%	31.12.15
	Star (Lux) - Merger Arbitrage	0.6	2%	31.12	15%	15.07.16
	GAM Talentum Europe L/S	0.2	(9%)	31.12	20%	31.12.15
	GAM Star Keynes	0.0	(7%)	30.06	20%	30.06.15
	Other Non-Directional Equity	0.2	(6%)	various	various	various
	Managed accounts	0.0	0%	31.12	15%/20%	various
	<b>Total AuM</b>	<b>2.3</b>				
<b>Other fixed income</b>	MBS	1.4	3%	various	10%/20%	30.06.17
	EM Debt	0.1	2%	various	various	30.06.17
	Other FI funds and mandates	0.7	(5%)	various	various	various
	<b>Total AuM</b>	<b>2.2</b>				

<sup>1</sup> HWM = high-water mark.

# Expenses

(in CHF m, except where indicated)

	2016	2017	Change	
Fixed personnel expenses <sup>1</sup>	155.7	150.1	(4%)	<ul style="list-style-type: none"> <li>• <b>Fixed personnel expenses reduced by 4%</b> mainly driven by a decrease in headcount, partly offset by the impact of Cantab</li> </ul>
Variable personnel expenses <sup>2</sup>	90.5	114.5	27%	<ul style="list-style-type: none"> <li>• <b>Variable personnel expenses up by 27%</b> mainly driven by higher fee related contractual bonuses and the impact of Cantab, net of the impact of deferrals</li> </ul>
<b>Personnel expenses</b>	<b>246.2</b>	<b>264.6</b>	<b>7%</b>	
General expenses	102.9	106.1	3%	<ul style="list-style-type: none"> <li>• <b>Increase in general expenses by 3%</b> mainly as it included a full year of administration expenses of CHF 8.8m related to outsourced back and middle office services and the impact of Cantab (see slide 43 for more information)</li> </ul>
Depreciation and amortisation	9.4	6.7	(29%)	
<b>Expenses</b>	<b>358.5</b>	<b>377.4</b>	<b>5%</b>	
<b>Headcount (FTEs)<sup>3</sup></b>	<b>979</b>	<b>927</b>	<b>(5%)</b>	<ul style="list-style-type: none"> <li>• <b>Headcount down by 5%</b> through continued efficiency gains</li> </ul>

<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 31.12.

# General Expenses

(in CHF m)

	2016	2017	Change	Comments
Occupancy expenses	25.7	22.2	(14%)	Reduction in office space
IT expenses	16.2	18.2	12%	Implementation of a new IT architecture and Cantab costs
Communication and marketing expenses	29.2	28.7	(2%)	Lower marketing expenses
Professional services, other fees and charges	13.6	15.3	13%	Higher regulatory and other advisory services
Administration expenses	6.1	8.8	44%	Admin fees from State Street for middle and back office services
Other general expenses	12.1	12.9	7%	Mainly driven by higher business activities
<b>General expenses</b>	<b>102.9</b>	<b>106.1</b>	<b>3%</b>	

# Operating Margin and Compensation Ratio

(in CHF m)	2012	2013	2014	2015	2016	2017
Net fee and commission income	578.9	654.8	608.8	600.6	473.5	547.7
Net other income	16.0	15.4	14.7	0.7	5.1	2.2
<b>Income</b>	<b>594.9</b>	<b>670.2</b>	<b>623.5</b>	<b>601.3</b>	<b>478.6</b>	<b>549.9</b>
Personnel expenses	285.6	321.3	293.2	290.0	246.2	264.6
General expenses	106.9	108.7	105.8	104.9	102.9	106.1
Depreciation and amortisation	7.2	7.1	7.8	8.6	9.4	6.7
<b>Expenses</b>	<b>399.7</b>	<b>437.1</b>	<b>406.8</b>	<b>403.5</b>	<b>358.5</b>	<b>377.4</b>
Operating margin <sup>1</sup>	31.0%	33.2%	33.2%	32.8%	24.3%	31.1%
Compensation ratio <sup>2</sup>	49.3%	49.1%	48.2%	48.3%	52.0%	48.3%

<sup>1</sup> Net fee and commission income minus expenses divided by net fee and commission income.

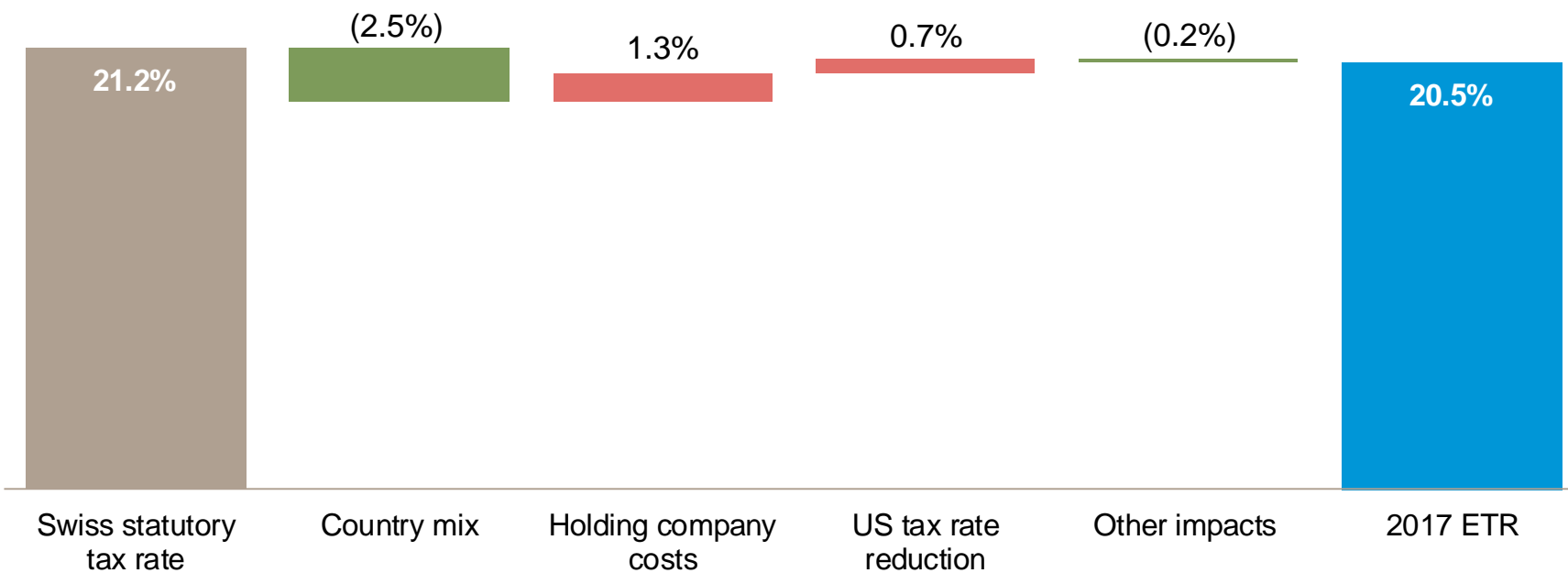
<sup>2</sup> Personnel expenses divided by net fee and commission income.

# Basic and Diluted Underlying EPS

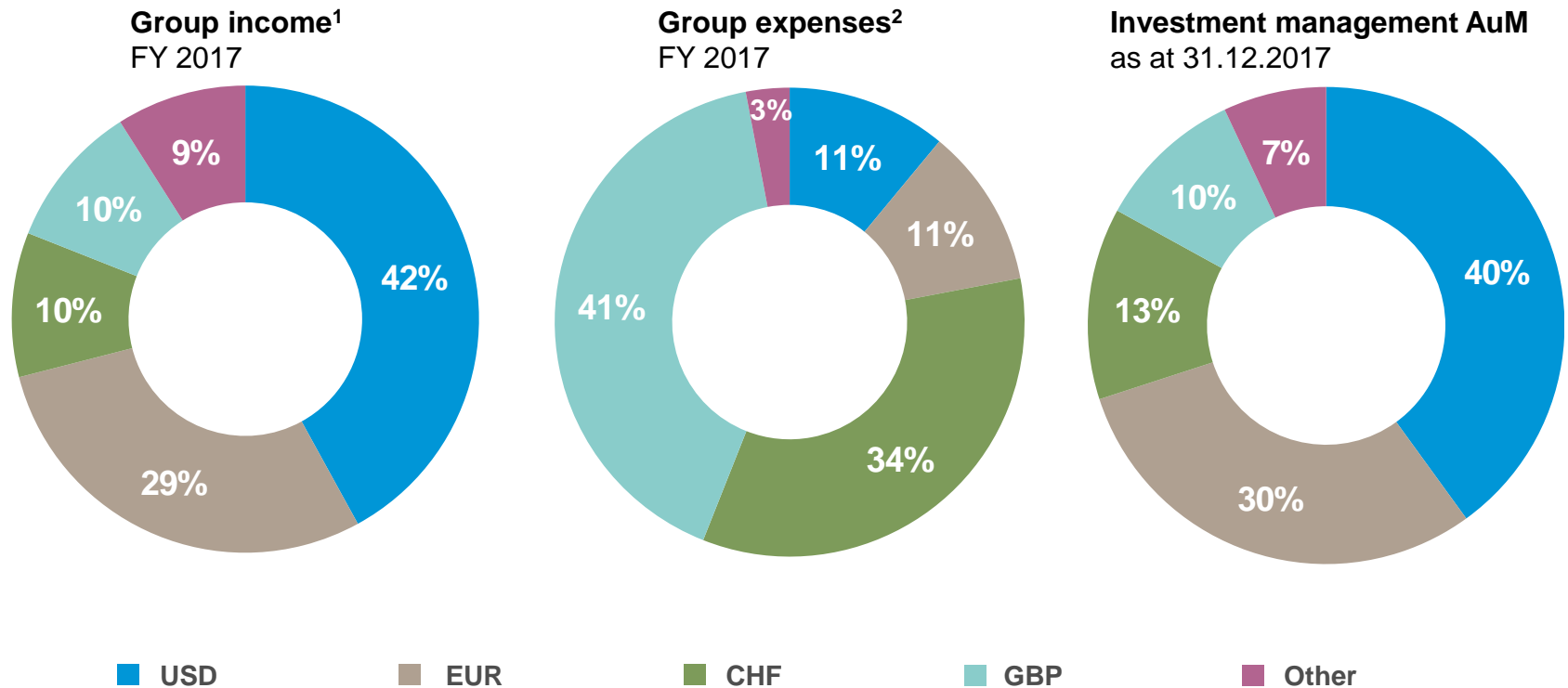
(in million shares, except where indicated)

	2012	2013	2014	2015	2016	2017
Weighted average number of shares in issue	189.7	178.2	169.8	165.1	162.0	160.0
Weighted average number of treasury shares held	18.5	14.8	7.5	5.2	4.3	3.0
Weighted average number of shares outstanding for basic EPS	171.2	163.4	162.3	159.9	157.7	157.0
Dilution driven by share-based compensation plans	-	2.6	1.1	0.9	0.1	1.8
Weighted average number of shares outstanding for diluted EPS	171.2	166.0	163.4	160.8	157.8	158.8
Underlying net profit (CHF m)	162.0	210.2	177.2	158.4	94.2	137.1
Basic underlying EPS (CHF)	0.94	1.26	1.07	0.99	0.60	0.87
Diluted underlying EPS (CHF)	0.94	1.24	1.06	0.98	0.60	0.86

# Underlying Effective Tax Rate (ETR)



# Currency Split – Revenues, Expenses and AuM



<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.

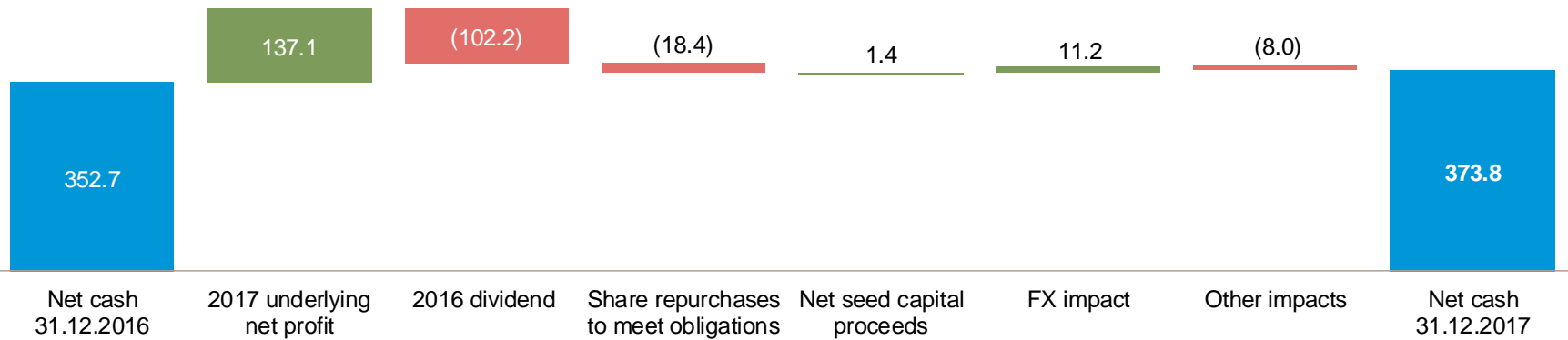
# Group Balance Sheet

(in CHF m)	31.12.15	31.12.16	31.12.17
Cash and cash equivalents	633	353	374
Seed capital investments	67	84	84
Other assets	208	205	270
Goodwill and other intangible assets	1,389	1,737	1,717
<b>Assets</b>	<b>2,297</b>	<b>2,379</b>	<b>2,445</b>
Current liabilities	297	255	327
Non-current liabilities	124	280	235
Equity	1,876	1,844	1,883
<b>Liabilities &amp; equity</b>	<b>2,297</b>	<b>2,379</b>	<b>2,445</b>
<b>Tangible equity</b>	<b>487</b>	<b>107</b>	<b>166</b>



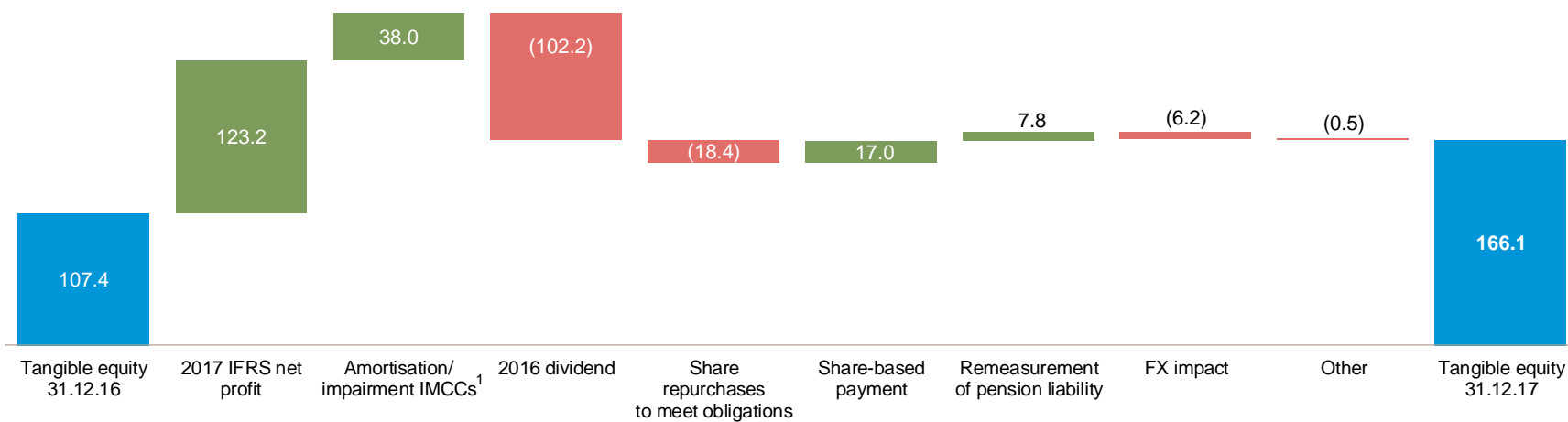
# Net Cash

(in CHF m)



# Tangible Equity

(in CHF m)



<sup>1</sup> IMCCs = investment management and client contracts.

# Corporate Calendar and Contacts

## Forthcoming events

<b>19 April 2018</b>	Interim management statement Q1 2018
<b>26 April 2018</b>	Annual General Meeting 2018
<b>31 July 2018</b>	Half-year results 2018
<b>23 October 2018</b>	Interim management statement Q3 2018

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