

# Results and Review Half-Year 2018

31 July 2018

Following GAM's announcement on 30 January 2020 regarding the Sanctions Commission of SIX Exchange Regulation AG decision, GAM has restated, where required, the comparative amounts relating to prior periods in its 2019 consolidated financial statements. The restatement relates to the recognition of a financial liability for future performance fees payable to the former partners of Cantab, a business acquired by GAM in 2016. Please refer to note 28.1 of the 2019 annual report and the five-year financial summary on page 192, which reflects the restatement of historical amounts since 2016.

# Agenda

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**H1 2018 Summary**

**Alexander S. Friedman, Group CEO**

**H1 2018 Financial Results**

**Richard McNamara, Group CFO**

**Strategy Update and Outlook**

**Alexander S. Friedman, Group CEO**

**Q&A session**

**Appendix**

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# **H1 2018** **SUMMARY**

Alexander S. Friedman, Group CEO

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# Summary H1 2018

Good client inflows amid more challenging environment

## Investment management

**CHF 84.4bn** of AuM, flat compared with year-end 2017

**6.2%** annualised growth rate<sup>1</sup>

**56%** of AuM<sup>2</sup> outperforming benchmark over three years

## Private labelling

**CHF 79.4bn** of AuM, up 6.9% from year-end 2017

**18.0%** annualised growth rate<sup>1</sup>

## Profitability

**CHF 91.3m** underlying profit before taxes, up 21% driven by 12% revenue growth

**32.0%** operating margin, up 2.7 percentage points, despite low performance fees

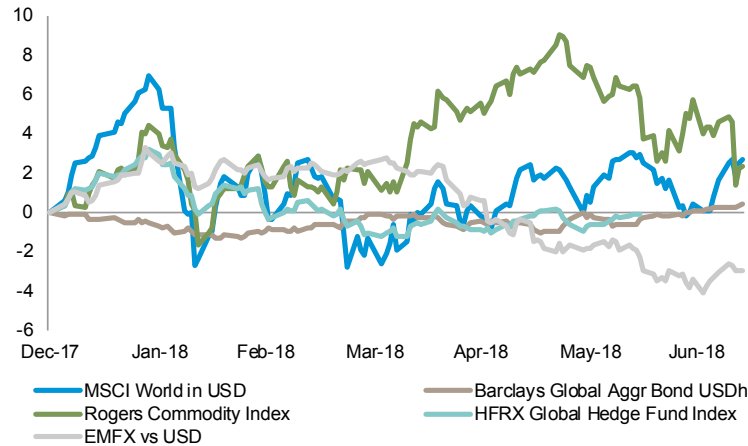
**CHF 0.45** earnings per share, up 22% from H1 2017

<sup>1</sup> Annualised H1 2018 net flows divided by AuM as at 31.12.2017.

<sup>2</sup> % of AuM in funds outperforming their respective benchmark over three years (excluding mandates and segregated accounts).

# 2018 Market Dynamics

More challenging markets

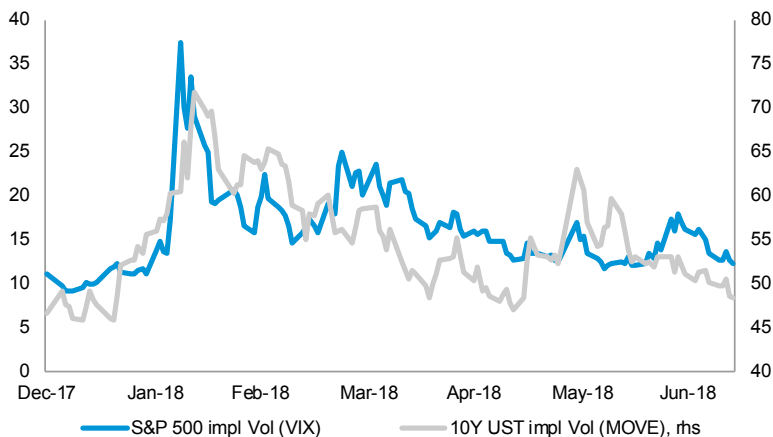


## More volatile markets

- Markets volatile and directionless
- Equity market correction driven by fear of inflation, political events and trade disputes between the US and China
- Credit spreads widening in emerging and developed markets, as rates rise in the US and the ECB announces end of QE

## Specialist fixed income

- Solid returns in Cat bonds, MBS and ABS despite rate moves
- Global Rates and Credit Opportunities slightly down
- ARBF negatively impacted by macro events in EU and EM



## Equity

- Performance of Continental European Equity solid, Absolute Return European Alpha recovering
- Japan Equities negatively impacted by Yen appreciation
- China Equities and Merger Arbitrage negatively impacted by trade disputes

## Systematic

- CCP Quant and Core Macro impacted by equity market sell-off in February 2018
- ARP solid performance compared to peers

Source: Bloomberg.

Abbreviations: ECB = European Central Bank; QE = quantitative easing; MBS = mortgage-backed securities; ABS = asset-backed securities; EU = European Union; EM = emerging markets; ARP = alternative risk premia.

# Investment Performance<sup>1</sup>

Performance is good across core strategies

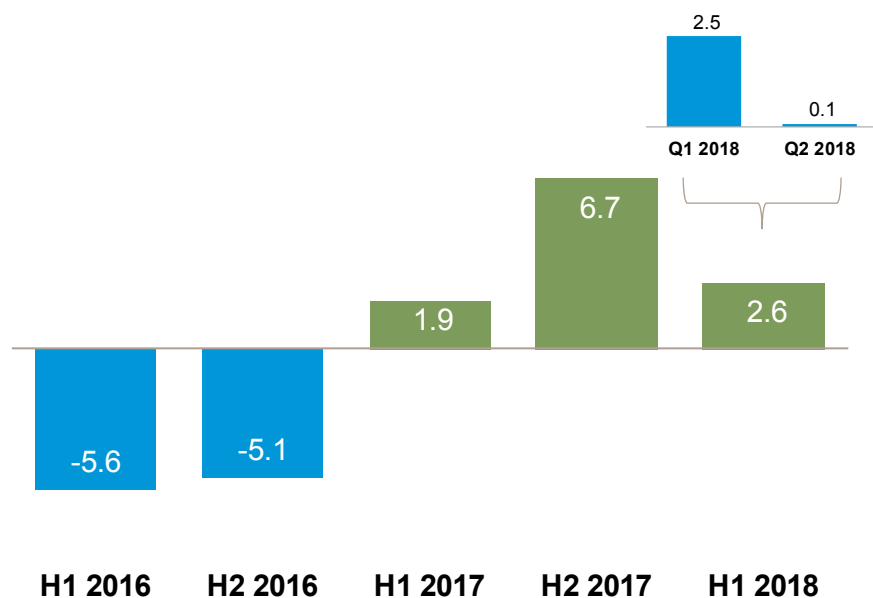
Capability	3-year		5-year		
	31.12.2017	30.06.2018	31.12.2017	30.06.2018	
Absolute return	76%	63%	66%	65%	Lower 3-year performance mainly driven by some ARBF strategies slightly underperforming
Fixed income	82%	53%	51%	51%	3-year performance largely impacted by minimal underperformance of the LEBF strategy
Equity	67%	61%	68%	72%	Solid investment performance over 3 and 5 years
Systematic	100%	58%	40%	44%	CCP Quant Fund with slight relative underperformance over 3 and 5 years
Alternatives	0%	0%	0%	0%	Includes performance of fund of hedge fund strategies, which remained weak
<b>Total</b>	<b>77%</b>	<b>56%</b>	<b>56%</b>	<b>57%</b>	Morningstar peer rankings show 76% and 78% of AuM <sup>2</sup> in funds in 1 <sup>st</sup> and 2 <sup>nd</sup> quartile on a 3 and 5-year basis, respectively

<sup>1</sup> % of investment management AuM in funds outperforming their respective benchmark (excluding mandates and segregated accounts). Three and five-year investment performance based on applicable AuM of CHF 55.6bn and CHF 53.0bn respectively. <sup>2</sup> The assets under management analysed refer to onshore open-ended funds. The peer group comparison is based on 'industry-standard' Morningstar Direct Sector Classification. For consistency purposes, the share class preferences in Morningstar have been set to capture the institutional share class (where available) or the cheapest retail share class for each and every fund in a given peer group.

# Net Flows

Strong net inflows, particularly in Q1 2018

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



## Strategies

- Specialist fixed income as key driver of inflows, particularly Credit Opportunities, Local Emerging Bond and MBS
- Systematic with net inflows of CHF 0.3bn, mainly into alternative risk premia, partially offset by outflows in higher volatility products
- Inflows in equities mainly driven by emerging markets, offset by outflows in China and Japan equities

## Geographies

- Continental Europe continues as core driver
- Increasingly significant flows from APAC, especially Australia
- US and Latam gaining traction

## Channels

- Strong inflows through intermediaries
- Institutional mandate wins through strengthened consultant relation channels

<sup>1</sup> Net fund flows for investment management.  
Abbreviation: MBS = mortgage-backed securities.

# Top Strategies by AuM

20 largest strategies<sup>1</sup> driving organic growth across capabilities

Strategy	Capability	AuM as at 30.06.18 (in CHF bn)	Net flows H2 2017 (in CHF m)	Net flows H1 2018 (in CHF m)
GAM Star Credit Opportunities	Fixed income	12,393	4,422	989
GAM Absolute Return Bond Fund	Absolute return	10,973	(165)	340
GAM Local Emerging Bond	Fixed income	9,428	1,725	684
GAM European Flex - Benchmark Constrained	Multi asset	4,218	(49)	(109)
GAM Star Cat Bond	Fixed income	3,128	239	153
GAM Greensill Supply Chain Finance	Fixed income	2,943	1,561	469
GAM Star Continental European Equity	Equity	2,206	455	(47)
GAM Star MBS Total Return	Fixed income	2,102	345	257
GAM Systematic Alt Risk Premia	Systematic	1,798	688	397
GAM Physical Gold	Alternatives	1,752	(59)	2
GAM Japan Equity	Equity	1,607	(293)	(414)
GAM Systematic Core Macro	Systematic	1,583	(27)	56
GAM Star MPS	Multi asset	1,475	82	103
GAM Target Return - Defensive	Multi asset	1,397	(71)	95
GAM M-P Strategy	Multi asset	1,335	(166)	(167)
GAM Emerging Markets Equity	Equity	1,184	451	378
GAM Star Asia-Pacific Equity	Equity	1,153	17	(4)
GAM Star Global Rates	Absolute return	1,152	(155)	(571)
GAM Systematic Quant	Systematic	1,149	(534)	(121)
GAM Diversity	Alternatives	900	(262)	(91)

<sup>1</sup> Strategies represent the aggregate number of several funds and mandates following the same strategy.



# GAM Systematic Cantab

Delivering on long-term objective to expand and diversify GAM's 'new actives' offering

## Strategic rationale

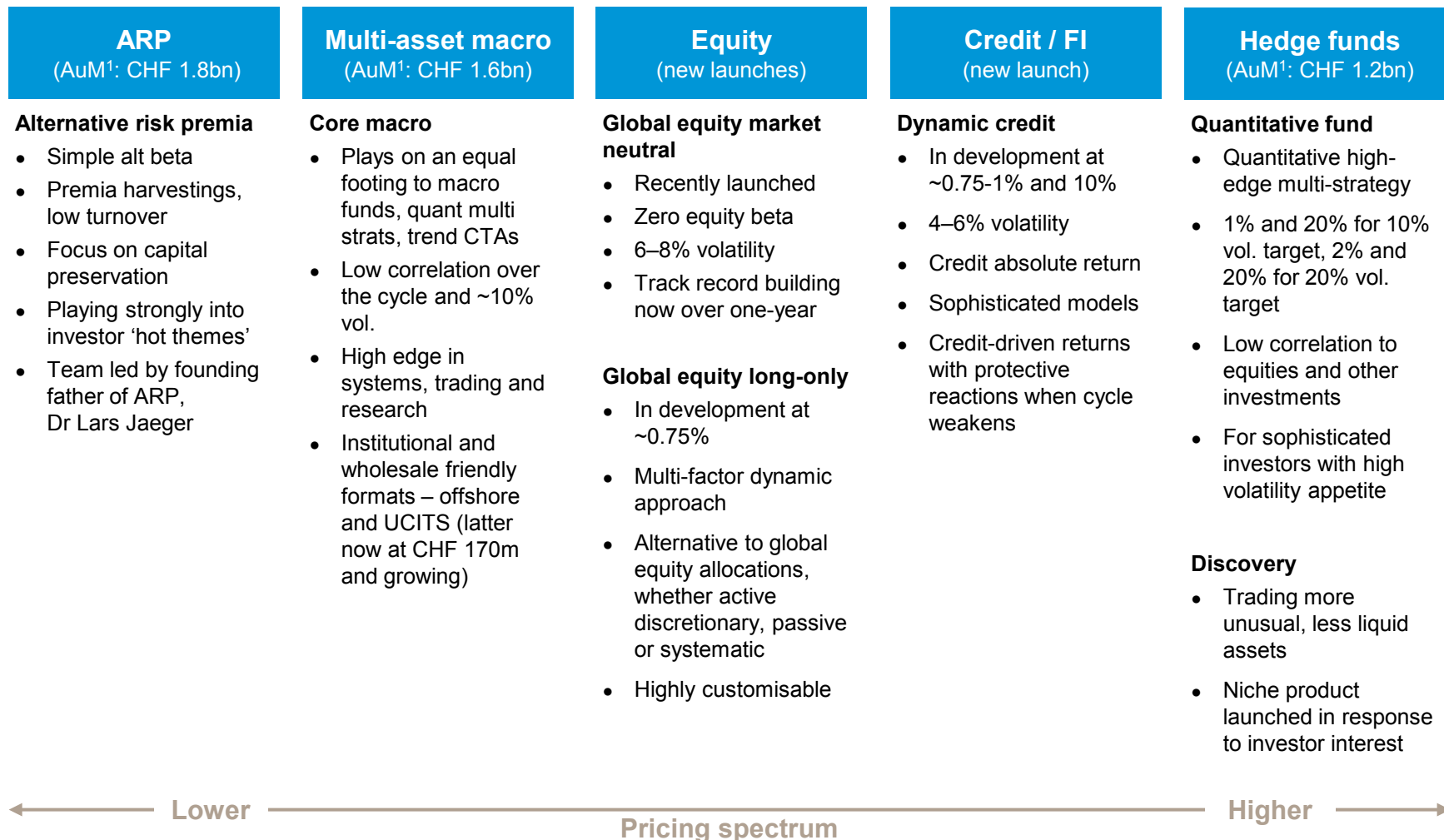
- Complementary to GAM's successful active discretionary investment offering
- Cutting-edge technology and scalable platform to broaden systematic offering across traditional long-only and alternative assets
- Highly relevant to investors, showing increased demand
- Stable team of 30+ scientists, dedicated to investment and technology research; supported by strength in operations and middle office; strong links to academia

## Investment merits

- Returns uncorrelated to traditional asset classes as well as to active and passive investment styles over the economic cycle
- 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

# GAM Systematic Product Offering

Future growth to be driven by lower-volatility products



<sup>1</sup> As at 30.06.2018.

Abbreviations: ARP = alternative risk premia, FI = fixed income; vol. = volatility; CTAs = Commodity Trading Advisors; UCITS = Undertakings for Collective Investment in Transferable Securities.

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# **H1 2018**

# FINANCIAL RESULTS

Richard McNamara, Group CFO

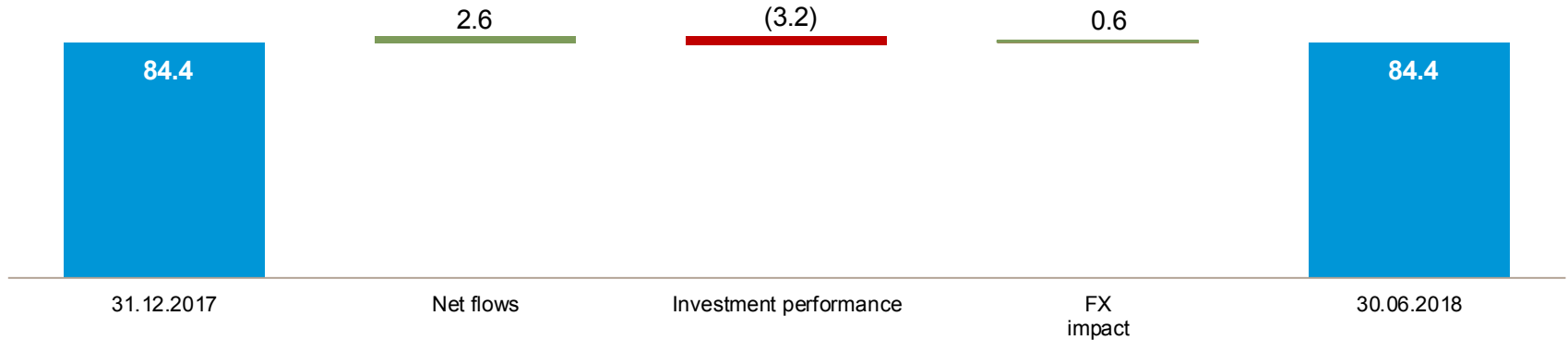
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# Assets Under Management

Record levels of total AuM at CHF 163.8 billion

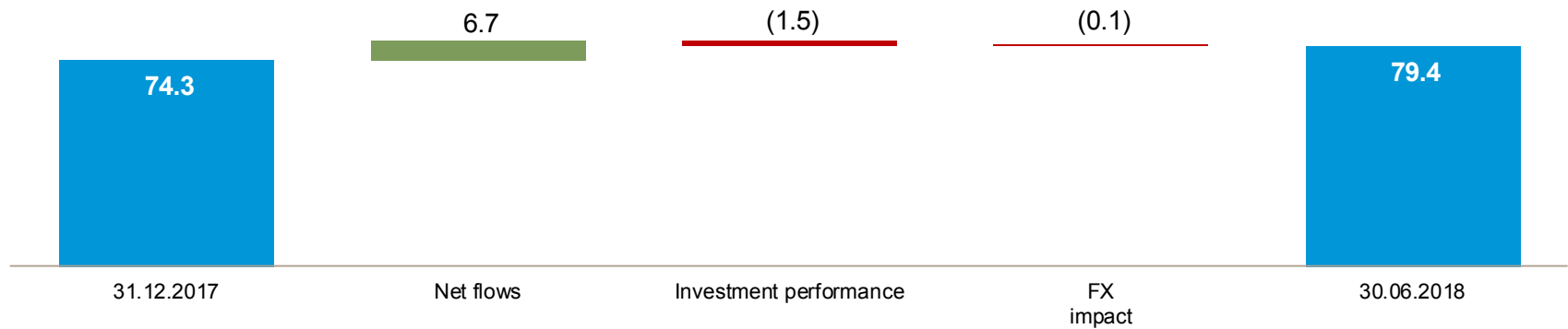
## Investment management

(in CHF bn)



## Private labelling











(in CHF bn)



# H1 2018 Financial Summary

Underlying profit before taxes up 21% despite lower performance fees

(in CHF m, except where indicated)

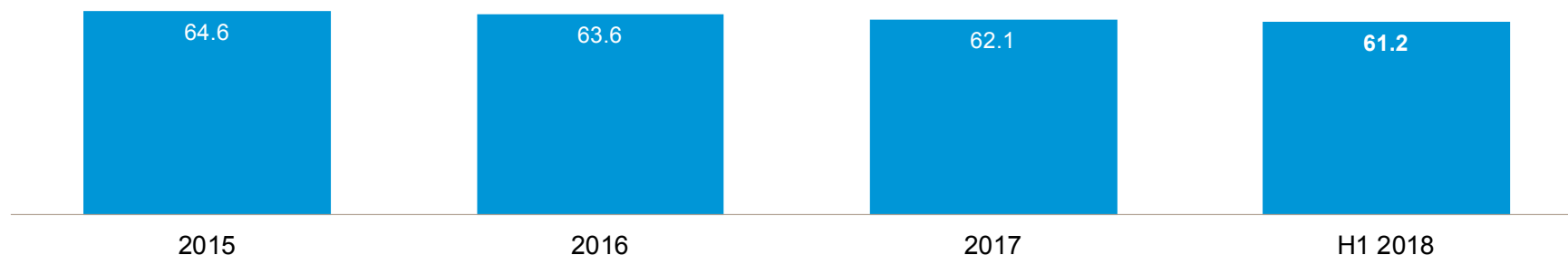
	H1 2017	H2 2017	H1 2018	Change <sup>1</sup> H1 2018 vs H1 2017
Net management fees and commissions	238.4	265.2	285.4	20% 
Net performance fees	19.3	24.8	2.3	(88%) 
<b>Net fee and commission income</b>	<b>257.7</b>	<b>290.0</b>	<b>287.7</b>	<b>12%</b> 
Net other (expenses)/income	(0.2)	2.4	(0.7)	n/m
<b>Income</b>	<b>257.5</b>	<b>292.4</b>	<b>287.0</b>	<b>11%</b> 
Expenses	182.1	195.3	195.7	7% 
<b>Underlying profit before taxes</b>	<b>75.4</b>	<b>97.1</b>	<b>91.3</b>	<b>21%</b> 
Underlying income tax expense	16.7	18.7	19.6	17% 
Underlying net profit	58.7	78.4	71.7	22% 
<b>Diluted underlying EPS (CHF)</b>	<b>0.37</b>	<b>0.49</b>	<b>0.45</b>	<b>22%</b> 
<b>Operating margin (%)</b>	<b>29.3%</b>	<b>32.7%</b>	<b>32.0%</b>	<b>+2.7 pp</b> 

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

# Management Fee Margin

Margin resilient, mainly impacted by shift in product and client mix

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



## Management fee margin by capability

Capability	AuM as at 30.06.2018 (in CHF bn)	Management fee margin H1 2018 (in bps)
Absolute return	14.4	73
Fixed income	38.6	61
Equity	12.5	75
Systematic	4.6	77
Multi asset	9.3	22
Alternatives	5.0	50
<b>Total</b>	<b>84.4</b>	<b>61.2</b>

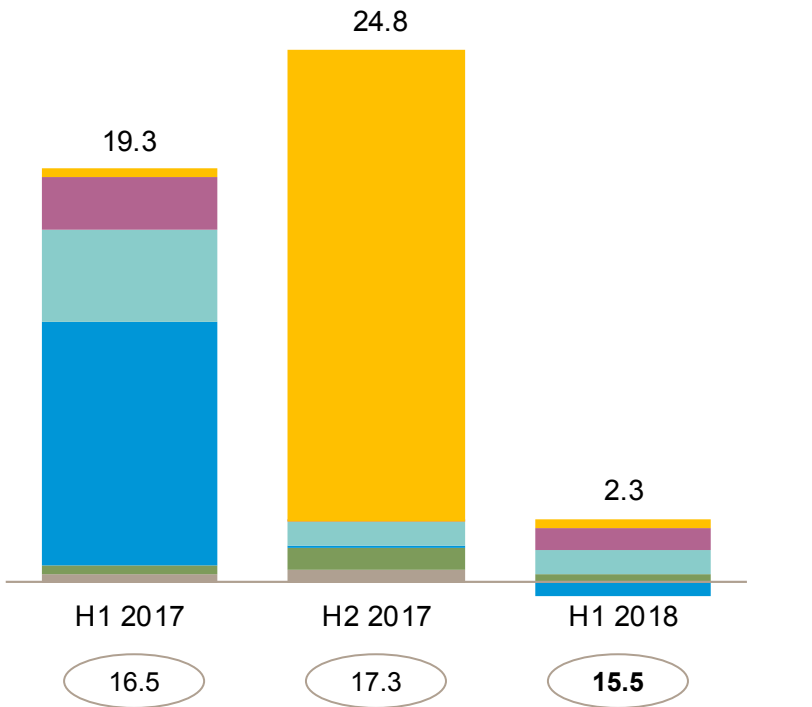
- AuM and client mix as main driver for changes in the blended management fee margin
- Some margin pressure post MiFID II implementation

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

# Performance Fees

67% of performance fee eligible AuM at, above or within 5% of high-water mark

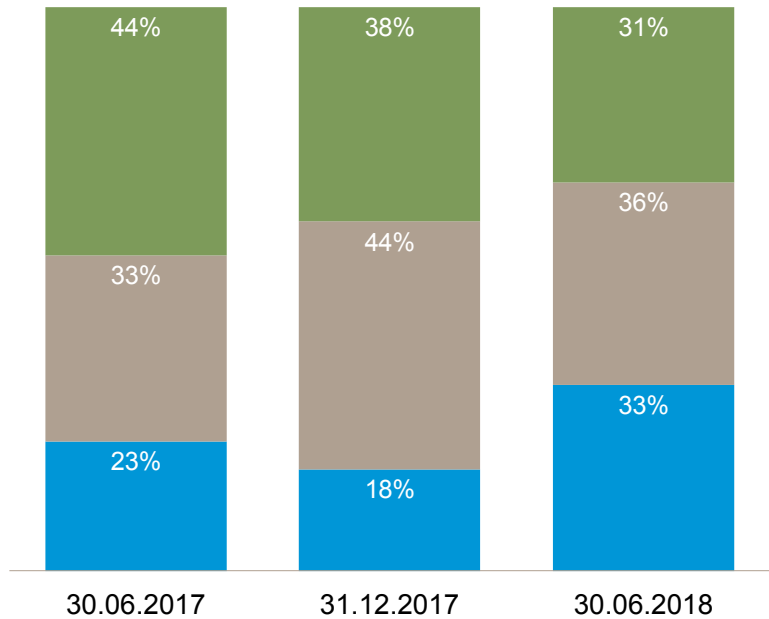
**Performance fees**  
(in CHF m)



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

○ Performance fee eligible assets<sup>1</sup> as at period-end (in CHF bn)

**AuM<sup>1</sup> 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

<sup>1</sup> Excludes performance fee eligible assets for which 100% of generated performance fees are paid to external partners.

# Expenses

## Investment in capabilities and platform

in CHF m, except where indicated	H1 2017	H2 2017	H1 2018	Change H1 2018 vs H1 2017	
Fixed personnel expenses <sup>1</sup>	75.3	74.8	77.2	3% 	Higher recruitment costs and inflationary pressure
Variable personnel expenses <sup>2</sup>	50.4	64.1	51.7	3% 	Higher management fee-related bonuses, partly offset by lower performance fee bonuses
<b>Personnel expenses</b>	<b>125.7</b>	<b>138.9</b>	<b>128.9</b>	<b>3%</b> 	
General expenses	53.2	52.9	63.9	20% 	MiFID II-related research costs, platform investments, admin expenses driven by higher AuM level and other items
Depreciation and amortisation	3.2	3.5	2.9	(9%) 	Depreciation period of some leasehold improvements ended
<b>Expenses</b>	<b>182.1</b>	<b>195.3</b>	<b>195.7</b>	<b>7%</b> 	
<b>Headcount (FTEs)<sup>3</sup></b>	<b>937</b>	<b>927</b>	<b>935</b>	<b>(0%)</b> 	Stable
<b>Compensation ratio</b>	<b>48.8%</b>	<b>47.9%</b>	<b>44.8%</b>	<b>4.0 pp</b> 	Better than target range of 45–50%

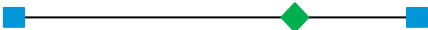

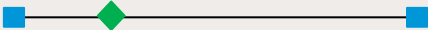
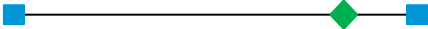

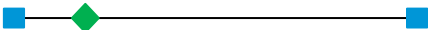
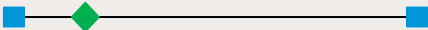
<sup>1</sup> Includes salaries and other personnel expenses. <sup>2</sup> Includes discretionary and contractual bonuses as well as share-based payment expenses.

<sup>3</sup> Full-time equivalents as at 30.06. for H1 2017 and H1 2018 and 31.12. for H2 2017.



# Multi-Year Change Programme

Investing for an efficient, robust and scalable operating platform

Selected change initiatives	Progress & outlook	Progress to completion
<b>Single data architecture</b>	<ul style="list-style-type: none"> <li>Implementation underway</li> <li>Start go-live in H2 2018</li> </ul>	
<b>Cloud-based / managed IT infrastructure</b>	<ul style="list-style-type: none"> <li>Entering test phase</li> <li>Go-live prior to London office move</li> </ul>	
<b>Systems, processes and reporting simplification</b>	<ul style="list-style-type: none"> <li>Solutions being designed</li> <li>Implementation to be enabled by new single data architecture</li> </ul>	
<b>Creation of centres of excellence</b>	<ul style="list-style-type: none"> <li>Target organisational design near completion</li> <li>Timing driven by other change projects</li> </ul>	
<b>Real estate / premises simplification</b>	<ul style="list-style-type: none"> <li>Move to a single London office in January 2019</li> <li>Full cost savings delivered in 2019</li> </ul>	
<b>Legal entity rationalisation</b>	<ul style="list-style-type: none"> <li>Bermuda office closure</li> <li>Further rationalisation being evaluated</li> </ul>	
<b>Order management system consolidation</b>	<ul style="list-style-type: none"> <li>Business requirements defined</li> <li>Critical steps being sequenced with business requirements</li> </ul>	
<b>Client relationship management system consolidation</b>	<ul style="list-style-type: none"> <li>Project design defined</li> <li>Consolidation initiated</li> </ul>	

# Capital Management

Rebuilding capital buffers through retained earnings

## Cash and capital

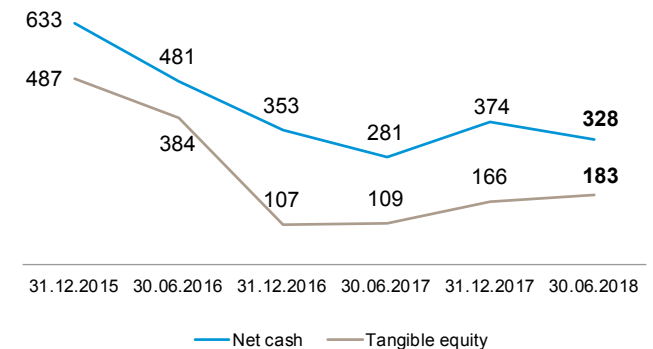
- **Prudent approach to capital management**
- **No external debt**
- Revolving credit facility of CHF 100m
- Cash and capital **being rebuilt**, but will not return to pre-2016 levels

## 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 when capital buffers are rebuilt

## Cash and tangible equity<sup>1</sup>

(in CHF m)



<sup>1</sup> Detailed bridges on net cash and tangible equity can be found in the appendix on pages 43 and 44.

# H1 2018 IFRS Net Profit

IFRS net profit impacted by Cantab-related adjustments

(in CHF m, except where indicated)

	H1 2017	H2 2017	H1 2018	Change H1 2018 vs H1 2017
<b>Underlying profit before taxes</b>	<b>75.4</b>	<b>97.1</b>	<b>91.3</b>	<b>21%</b>
Acquisition-related items <sup>1</sup>	13.2	(16.3)	11.4	(14%)
Non-recurring items <sup>2</sup>	(9.1)	(12.1)	(73.5)	n/m
<b>IFRS profit before taxes</b>	<b>79.5</b>	<b>68.7</b>	<b>29.2</b>	<b>(63%)</b>
Income tax expense	11.8	13.2	3.8	(68%)
<b>IFRS net profit</b>	<b>67.7</b>	<b>55.5</b>	<b>25.4</b>	<b>(62%)</b>
<b>Underlying effective tax rate (%)</b>	<b>22.1</b>	<b>19.3</b>	<b>21.5</b>	<b>(3%)</b>

## Cantab IMCCs<sup>3</sup>

<b>Initial recognition on 03.10.2016</b>	<b>231.6</b>
Amortisation/FX impact	(39.9)
Impairment charges <sup>2</sup>	(71.1)
<b>IMCCs as at 30.06.2018</b>	<b>120.6</b>

## Cantab deferred consideration liability

<b>Initial recognition on 03.10.2016</b>	<b>92.3</b>
Finance charges/FX impact	12.5
Liability reductions	(57.1)
<b>Liability as at 30.06.2018</b>	<b>47.7</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 credit or charge being recognised in the income statement, and the incidence of which is not expected to be of a recurring nature. H1 2018 includes a non-cash impairment of CHF 71m (pre-tax, CHF 59m post-tax) related to Cantab IMCCs as a result of lower AuM and cash flows compared with those forecast at the time of the acquisition in October 2016. <sup>3</sup> IMCCs = investment management and client contracts.

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

Alexander S. Friedman, Group CEO

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# Progress on Strategic Priorities

Delivering on our strategic plan

## Investment performance

- 76% of AuM<sup>1</sup> beating peer group over three years, 78% on a five year basis
- New hires into a number of teams, including absolute return bond
- Creation of new global front office controls team

## Differentiated product offering

- Deepening fund raising range of private debt products
  - Successful first close for real estate debt fund
  - Commodity trade finance partnership with Kimura Capital LLP
- New systematic products in development
- Onshore Australia products launched

## Global distribution

### Geographies

- Australia: opening new office, building on recent ARP momentum to expand local offering
- Americas: hired specialist to support systematic sales activities in the US and broadening offshore Latam coverage
- Japan: obtained a discretionary investment management license, expanding local presence

### Channels

- Marquee institutional mandate wins in Australia, Hong Kong, US, Taiwan, Switzerland and Italy
- Strengthening global investment consultant ratings and coverage

## Operating efficiency

- Implementation of the new data architecture as core enabler of further efficiencies
- Relocation of London offices on track along with move to cloud infrastructure
- Investing in risk and control functions
- Building an efficient, robust and scalable platform

<sup>1</sup> The assets under management analysed refer to onshore open-ended funds. The peer group comparison is based on 'industry-standard' Morningstar Direct Sector Classification. For consistency purposes, the share class preferences in Morningstar have been set to capture the institutional share class (where available) or the cheapest retail share class for each and every fund in a given peer group.

# Strength and Breadth Across Product Capabilities

Addressing deep and growing pools of investor demand globally

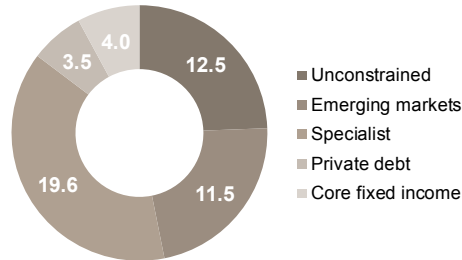
**AuM<sup>1</sup>** (in CHF)

**Clusters**

**Success factors**

**Specialist fixed income**

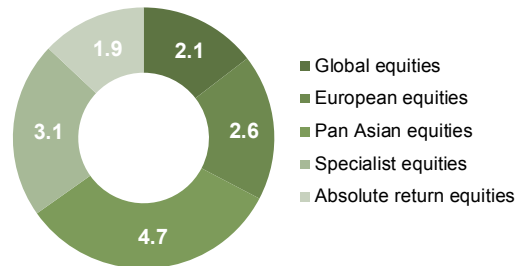
**51.1bn**



- Products across the duration spectrum
- Hard to replicate, specialist know-how required
- Supported by a structural rotation out of traditional bond assets
- Launching creative yield-enhancing strategies

**Equity**

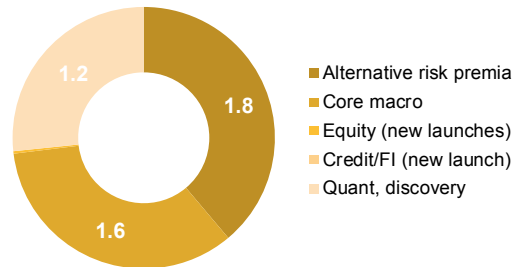
**14.4bn**



- Average active share<sup>1</sup> of 74%
- Well positioned for rising rates environment
- Further developing capabilities

**Systematic**

**4.6bn**



- Offering across the volatility and pricing spectrum
- World-class technology and operations
- Ability to leverage the platform; new product launches on the horizon

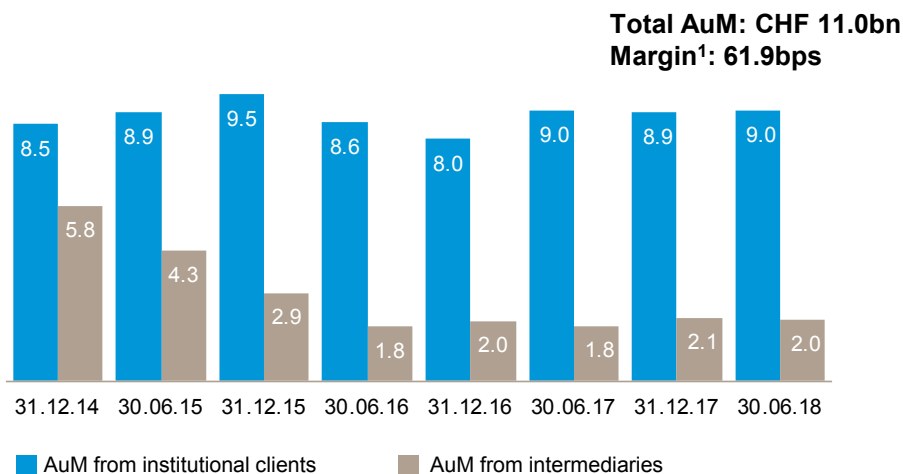
<sup>1</sup> As at 30.06.2018.

# Absolute Return Bond Strategy

Continuing to deliver value to our clients

## AuM development ARBF strategy

(in CHF bn)



### Strong team in place with more than 16 years on average of investment experience

- Jack Flaherty, co-manager of the strategy together with Tim Haywood for more than six years
- Alex McKnight, senior member of the ARBF team for the past 11 years appointed as new co-manager
- Strong team of 18 other experienced investment professionals
- Additional hires already being recruited due to client interest in this product globally

### Consistent and successful investment process since inception

- Highly diversified strategy, utilising a series of absolute return exposures across multiple fixed income sectors
- Implementation done by sector specialists, overseen by co-managers
- Investment engines fully intact

### Excellent long-term track record of delivering strong performance since launch<sup>2</sup>

- +36.3% for absolute return bond fund<sup>3</sup>
- +36.4% for absolute return bond fund plus<sup>4</sup>
- +13.3% for absolute return bond fund defender<sup>5</sup>

- More challenging environment across the board
- Volatile and directionless market conditions are likely to continue in the second half of 2018, which may affect clients' risk appetite and GAM's net flows in the near term
- Announced suspension of Tim Haywood may also lead to client redemptions
- Well positioned, given the steps we have taken to diversify products, strengthen distribution and improve efficiency, to capture growing investor demand for our strategies
- Committed to continuing the disciplined execution of our strategy to realise group targets of 35–40% operating margin and annualised EPS growth > 10%, both over the business cycle



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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>	14.4	Unconstrained fixed income CHF 11.0bn Global rates CHF 1.2bn Euro equity long/short CHF 1.2bn Merger arbitrage CHF 0.6bn	EM long/short Financials long/short Absolute return macro Absolute return global equity	
<b>Fixed income</b>	38.6	Credit opportunities CHF 12.4bn EM CHF 10.5bn Cat bonds CHF 3.1bn MBS CHF 2.1bn	EM opportunities Real estate debt (UK) EM rates Insurance-linked securities	Global income Real estate debt (Europe)
<b>Equity</b>	12.5	Europe CHF 2.5bn Japan CHF 2.4bn EM CHF 1.2bn China CHF 0.9bn	UK equity income China evolution Specialist equities	International equities (EAFE)
<b>Systematic</b>	4.6	Alternative risk premia CHF 1.8bn Core macro CHF 1.6bn Quantitative CHF 1.1bn	Core macro (UCITS) Global equity market neutral (UCITS) Discovery	Global equity long-only Core macro (UCITS, lower volatility) Systematic credit
<b>Multi asset</b>	9.3	Institutional CHF 4.3bn Private client CHF 2.0bn Risk rated CHF 1.5bn	Target return	Flexible asset allocation
<b>Alternatives</b>	5.0	Commodities CHF 2.6bn Fund of hedge funds CHF 2.0bn		

<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 30.06.2018)

Unconstrained (AuM: CHF 12.5bn)	Emerging markets (AuM: CHF 11.5bn)		Specialist (AuM: CHF 19.6bn)	Private debt (AuM: CHF 3.5bn)	Core (AuM: CHF 4.0bn)
Global	Local	International			Global/regional
ARBF Global rates Discretionary FX Dynamic Total return	Local EM bond EM inflation linked	Emerging EM investment grade EM corporate bonds EM opportunities EM rates Absolute return EM	ABS MBS Cat bonds Convertibles Credit/high yield Inflation-linked	Real estate debt Trade finance	Differentiated core

## Equity

(AuM as at 30.06.2018)

Global (AuM: CHF 2.1bn)	European (AuM: CHF 2.6bn)	Pan Asian (AuM: CHF 4.7bn)	Specialist (AuM: CHF 3.1bn)	Absolute return (AuM: CHF 1.9bn)
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

# AuM Development by Capability

## Investment management

(in CHF bn)

Capability	AuM 31.12.17	Net flows	Market	FX	AuM 31.03.18	Net flows	Market	FX	AuM 30.06.18
Absolute return	15.6	(0.1)	(0.2)	-	15.3	(0.7)	(0.3)	0.1	14.4
Fixed income	37.1	2.1	0.2	(0.1)	39.3	0.7	(1.8)	0.4	38.6
Equity	12.6	0.1	(0.3)	-	12.4	(0.1)	0.1	0.1	12.5
Systematic	4.7	0.5	(0.4)	(0.1)	4.7	(0.2)	(0.1)	0.2	4.6
Multi asset	9.5	(0.1)	(0.2)	0.1	9.3	-	0.1	(0.1)	9.3
Alternatives	4.9	-	(0.1)	(0.1)	4.7	0.4	(0.2)	0.1	5.0
<b>Total</b>	<b>84.4</b>	<b>2.5</b>	<b>(1.0)</b>	<b>(0.2)</b>	<b>85.7</b>	<b>0.1</b>	<b>(2.2)</b>	<b>0.8</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	30.06.18
Absolute return	22.2	21.5	23.1	19.2	16.3	16.1	15.6	14.4
Fixed income	19.5	19.0	18.6	19.3	20.8	27.4	37.1	38.6
Equity	13.8	13.9	13.4	10.7	12.5	11.0	12.6	12.5
Systematic	-	-	-	-	3.8	3.7	4.7	4.6
Multi asset	12.9	12.2	11.9	10.7	9.6	9.1	9.5	9.3
Alternatives	7.7	6.9	5.3	5.6	5.2	4.9	4.9	5.0
<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>	<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	H1 2018
Absolute return	1.1	1.0	(2.6)	(3.1)	(0.6)	(1.0)	(0.8)
Fixed income	1.0	(0.6)	(0.2)	1.3	6.0	7.9	2.8
Equity	(0.2)	(0.3)	(1.6)	(1.7)	(2.2)	-	-
Systematic	-	-	-	(0.2)	(0.1)	0.2	0.3
Multi asset	0.3	(0.4)	(1.0)	(1.4)	(0.9)	(0.1)	(0.1)
Alternatives	(0.2)	(1.4)	(0.2)	-	(0.3)	(0.3)	0.4
<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>	<b>2.6</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	30.06.18
Intermediaries	32.8	31.6	31.4	27.2	28.4	31.7	40.6	41.8
Institutional clients	34.3	33.8	33.7	32.0	34.0	35.4	38.5	37.6
Private clients	9.0	8.1	7.2	6.3	5.8	5.1	5.3	5.0
<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>	<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	H1 2018
Intermediaries	0.6	(0.5)	(3.3)	(2.2)	2.3	5.9	2.7
Institutional clients	1.9	(0.6)	(1.5)	(2.2)	0.3	1.0	0.2
Private clients	(0.5)	(0.6)	(0.8)	(0.7)	(0.7)	(0.2)	(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>	<b>2.6</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	30.06.17	31.12.17	30.06.18
Luxembourg SICAVs	26.4	26.1	23.9	20.5	19.0	20.5	23.5	22.8
Segregated accounts	16.5	18.2	17.4	15.6	17.4	15.3	15.7	15.2
Ireland UCITS	11.1	14.4	15.7	14.7	14.3	18.9	26.1	26.7
Offshore	7.1	8.3	7.4	6.4	6.6	6.0	5.9	6.5
Swiss fund	7.3	7.2	6.2	6.7	6.4	6.6	6.9	6.7
OEICs/unit trusts	1.4	1.9	1.5	1.4	1.7	1.4	1.1	1.1
AIF	-	-	-	-	-	-	-	0.1
FCP RAIF	-	-	-	-	-	-	0.2	0.2
LPs & LLCs	-	-	0.2	0.2	2.8	3.5	5.0	5.1
<b>Total</b>	<b>69.8</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>	<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	30.06.18
Switzerland	35.4	37.9	31.4	31.7	31.7	33.1	33.6	34.2
Rest of Europe	9.0	10.6	15.3	16.3	20.8	26.0	40.7	45.2
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>	<b>79.4</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	30.06.18
Fixed income	20.4	21.8	19.3	19.8	23.5	28.6	34.8	39.3
Equity	20.4	22.3	20.5	21.1	21.4	22.7	24.7	25.4
Money market	3.0	2.9	2.5	2.4	2.5	2.5	2.7	2.8
Alternative	3.3	3.7	4.4	4.7	5.1	5.3	12.1	11.9
<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>	<b>79.4</b>



# Key Figures

## Investment management

(in CHF, except where indicated)

	H1 2015	H2 2015	FY 2015	H1 2016	H2 2016	FY 2016	H1 2017	H2 2017	FY 2017	H1 2018
Net management fees and commissions (m)	236.9	239.3	476.2	214.1	220.3	434.4	218.7	245.1	463.8	261.6
Net performance fees (m)	44.1	38.7	82.8	1.2	1.8	3.0	19.3	24.8	44.1	2.3
<b>Net fee and commission income (m)</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>	<b>263.9</b>
Assets under management at the end of the period (bn)	73.5	72.3	72.3	65.5	68.2	68.2	72.2	84.4	84.4	84.4
Average assets under management (bn)	73.6	73.8	73.7	68.5	67.7	68.3	70.0	79.0	74.7	85.5
Net flows (bn)	2.0	(1.7)	0.3	(5.6)	(5.1)	(10.7)	1.9	6.7	8.6	2.6
Total fee margin (bps)	76.4	75.3	75.8	62.9	65.7	64.1	68.0	68.3	68.0	61.7
Management fee margin (bps)	64.4	64.8	64.6	62.5	65.1	63.6	62.5	62.1	62.1	61.2

## Private labelling

(in CHF, except where indicated)

	H1 2015	H2 2015	FY 2015	H1 2016	H2 2016	FY 2016	H1 2017	H2 2017	FY 2017	H1 2018
Net management fees and commissions (m)	20.8	20.8	41.6	17.5	18.6	36.1	19.7	20.1	39.8	23.8
Net performance fees (m)	-	-	-	-	-	-	-	-	-	-
<b>Net fee and commission income (m)</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>	<b>23.8</b>
Assets under management at the end of the period (bn)	50.7	46.7	46.7	48.0	52.5	52.5	59.1	74.3	74.3	79.4
Average assets under management (bn)	49.5	49.9	49.6	47.2	50.5	48.9	56.4	69.5	63.3	76.9
Net flows (bn)	4.3	(1.6)	2.7	0.9	3.4	4.3	4.5	11.2	15.7	6.7
Management fee margin (bps)	8.4	8.3	8.4	7.4	7.3	7.4	7.0	5.8	6.3	6.2

# Performance Fee Eligible Assets and Income

## Performance fee eligible assets<sup>1</sup>

(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	31.12.2017	30.06.2018
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	6.2
Global macro/managed futures	2.1	3.4	2.7	2.8	3.0	3.4	3.9	3.2	2.4	1.7	1.6	1.1
Non-directional equity	1.4	2.1	2.7	3.6	3.8	4.1	5.7	5.1	3.7	2.7	2.3	1.9
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	2.2
Systematic	-	-	-	-	-	-	-	-	2.9	2.4	2.8	2.3
Other	0.8	0.8	2.0	2.5	2.6	2.5	1.8	1.2	1.4	1.6	1.8	1.8
<b>Performance fee eligible assets</b>	<b>18.2</b>	<b>22.9</b>	<b>22.6</b>	<b>24.4</b>	<b>23.2</b>	<b>21.9</b>	<b>21.5</b>	<b>17.6</b>	<b>17.6</b>	<b>16.5</b>	<b>17.3</b>	<b>15.5</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	H1 2018
Unconstrained fixed income <sup>2</sup>	16.8	0.5	26.9	(0.1)	0.8	-	-	-	11.3	0.1	(0.7)
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	0.4
Other fixed income strategies	2.3	0.9	2.9	5.9	5.8	0.7	1.0	1.0	4.3	1.1	1.2
Systematic	-	-	-	-	-	-	-	0.1	0.4	21.9	0.4
Other	3.4	1.1	1.4	1.6	0.8	0.4	0.2	-	2.5	0.1	1.0
<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>	<b>2.3</b>

<sup>1</sup> Excludes performance fee eligible assets for which 100% of generated performance fees are paid to external partners.

<sup>2</sup> H1 2018 includes prior year adjustments.

# Performance Fee Eligible Assets Analysis

As at 30 June 2018

	Unconstrained fixed income	Global macro/ managed futures	Non-directional equity	Systematic	Other fixed income	Other <sup>4</sup>	Total
Performance fee eligible AuM <sup>1</sup> (CHF bn)	6.2	1.1	1.9	2.3	2.2	1.8	15.5
No. of performance fee eligible funds / mandates	13	5	14	12	13	23	80
Performance fees H1 2018 <sup>2</sup> (CHF m)	(0.7)	-	0.4	0.4	1.2	1.0	2.3
No. of funds / mandates generating fees in H1 2018	6	1	7	9	7	8	38
AuM on 30.06.2018 generating performance fees in H1 2018 (CHF bn)	1.2	-	0.8	2.1	1.6	0.6	6.3
AuM with potential crystallisation in H1 2018 <sup>3</sup> (CHF bn)	5.9	0.8	1.1	2.3	1.7	0.8	12.6
AuM with potential crystallisation in H2 2018 <sup>3</sup> (CHF bn)	0.3	0.3	0.8	-	0.5	1.0	2.9
No. of funds / mandates with potential crystallisation in H1 2018 <sup>4</sup>	12	1	7	12	8	7	47
No. of funds / mandates with potential crystallisation in H2 2018 <sup>4</sup>	1	4	7	-	5	16	33
AuM at or above high-watermark / benchmark as at 30.06.2018 (CHF bn)	1.7	-	0.1	0.2	1.6	1.3	4.9
AuM within 5% of high-watermark / benchmark as at 30.06.2018 (CHF bn)	3.4	-	1.1	0.3	0.3	0.5	5.6
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> Excludes performance fee eligible assets for which 100% of generated performance fees are paid to external partners.

<sup>2</sup> H1 2018 includes prior year adjustments.

<sup>3</sup> H1 2018 including CHF 2.8bn AuM with quarterly crystallisation dates (31.03/30.06/30.09/31.12). These AuM are excluded from H2 2018.

<sup>4</sup> H1 2018 including 15 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 30 June 2018

		As at 30.06.2018		Crystallisation date	Performance fee rate	Last HWM <sup>1</sup> date
Fund	AuM (CHF bn)	% (below)/above HWM <sup>1</sup>				
<b>Unconstrained fixed income</b>	Absolute Return Bond Fund	3.0	(5%)	30.06	10%	30.06.17
	Absolute Return Bond Fund Plus	1.4	(5%)	30.06	10%	30.06.17
	Absolute Return Bond Fund Defender	0.5	(4%)	30.06	10%	30.06.14
	Managed accounts	1.3	(5%)	various	10%/15%/20%	various
	<b>Total AuM</b>	<b>6.2</b>				
<b>Systematic</b>	Quantitative Fund	0.9	(19%)	quarterly	20%	31.12.17
	Core Macro	0.8	(7%)	quarterly	10%	31.12.17
	Discovery	0.1	(9%)	30.06	20%	30.10.17
	GAM Systematic Core Macro	0.1	0%	30.06	10%	30.06.17
	GAM Systematic Global Equity Market Neutral	-	(3%)	30.06	15%	30.06.17
	Alternative Risk Premia	0.1	(0%)	30.06	15%	23.04.18
	Managed accounts	0.3	(36%)	various	10%/15%/20%/25%	various
	<b>Total AuM</b>	<b>2.3</b>				
<b>Global macro/ managed futures</b>	GAM Star Global Rates	0.8	(14%)	30.06	10%	30.06.15
	Global Rates Hedge	0.2	(16%)	31.12	10%	31.12.15
	Managed accounts	0.1	(22%)	31.12	10%	various
	<b>Total AuM</b>	<b>1.1</b>				
<b>Non-directional equity</b>	GAM Absolute Return Europe Equity	0.5	(5%)	30.06	10%	30.06.15
	GAM Star (Lux) - European Alpha	0.5	(4%)	quarterly	15%	31.12.15
	Star (Lux) - Merger Arbitrage	0.5	(1%)	31.12	15%	31.12.17
	GAM Talentum Europe L/S	0.2	(3%)	31.12	20%	31.12.15
	GAM Star Keynes	-	(5%)	30.06	20%	30.06.15
	Other non-directional equity	0.2	(9%)	various	various	various
	Managed accounts	-	(6%)	31.12	15%/20%	various
	<b>Total AuM</b>	<b>1.9</b>				
<b>Other fixed income</b>	MBS	1.6	7%	various	10%/20%	30.06.17
	EM Debt	0.1	(13%)	various	various	30.06.17
	Other FI funds and mandates	0.5	(48%)	various	various	various
	<b>Total AuM</b>	<b>2.2</b>				

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

# General Expenses

(in CHF m)	H1 2017	H2 2017	H1 2018
Occupancy	11.2	11.0	11.3
Technology and communication	6.2	6.5	7.5
Data and research	8.9	9.0	11.5
Professional and consulting services	8.4	7.1	10.9
Marketing and travel	8.7	9.5	9.0
Administration	4.1	4.7	5.1
Other general expenses	5.7	5.1	8.6
<b>General expenses</b>	<b>53.2</b>	<b>52.9</b>	<b>63.9</b>

# Operating Margin and Compensation Ratio

(in CHF m)	H1 2015	H2 2015	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018
Net fee and commission income	301.8	298.8	232.8	240.7	257.7	290.0	287.7
Net other income/(expenses)	1.8	(1.1)	2.7	2.4	(0.2)	2.4	(0.7)
<b>Income</b>	<b>303.6</b>	<b>297.7</b>	<b>235.5</b>	<b>243.1</b>	<b>257.5</b>	<b>292.4</b>	<b>287.0</b>
Personnel expenses	145.2	144.8	125.1	121.1	125.7	138.9	128.9
General expenses	52.6	52.3	50.6	52.3	53.2	52.9	63.9
Depreciation and amortisation	4.3	4.3	4.8	4.6	3.2	3.5	2.9
<b>Expenses</b>	<b>202.1</b>	<b>201.4</b>	<b>180.5</b>	<b>178.0</b>	<b>182.1</b>	<b>195.3</b>	<b>195.7</b>
Operating margin <sup>1</sup>	33.0%	32.6%	22.5%	26.1%	29.3%	32.7%	32.0%
Compensation ratio <sup>2</sup>	48.1%	48.5%	53.7%	50.3%	48.8%	47.9%	44.8%

<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)

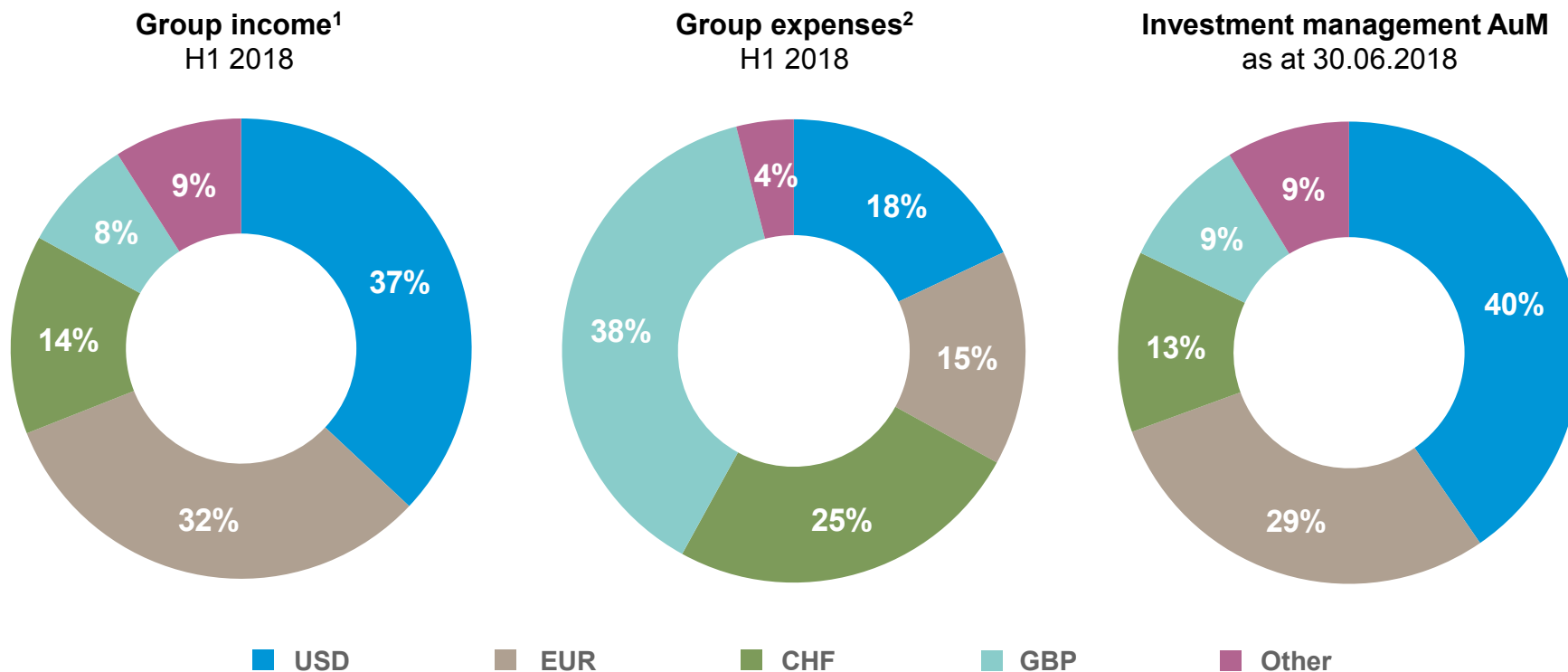
	H1 2015	H2 2015	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018
Weighted average number of shares in issue	166.7	163.7	163.4	160.5	160.3	159.7	159.7
Weighted average number of treasury shares held	(6.1)	(4.6)	(5.7)	(2.9)	(3.0)	(3.0)	(3.9)
Weighted average number of shares outstanding for basic EPS	160.6	159.1	157.7	157.6	157.3	156.7	155.8
Dilution driven by share-based compensation plans	1.2	0.8	0.1	0.2	0.7	2.9	4.2
Weighted average number of shares outstanding for diluted EPS	161.8	159.9	157.8	157.8	158.0	159.6	160.0
Underlying net profit (CHF m)	81.2	77.2	42.2	52.0	58.7	78.4	71.7
Basic underlying EPS (CHF)	0.51	0.49	0.27	0.33	0.37	0.50	0.46
Diluted underlying EPS (CHF)	0.50	0.48	0.27	0.33	0.37	0.49	0.45

# 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.

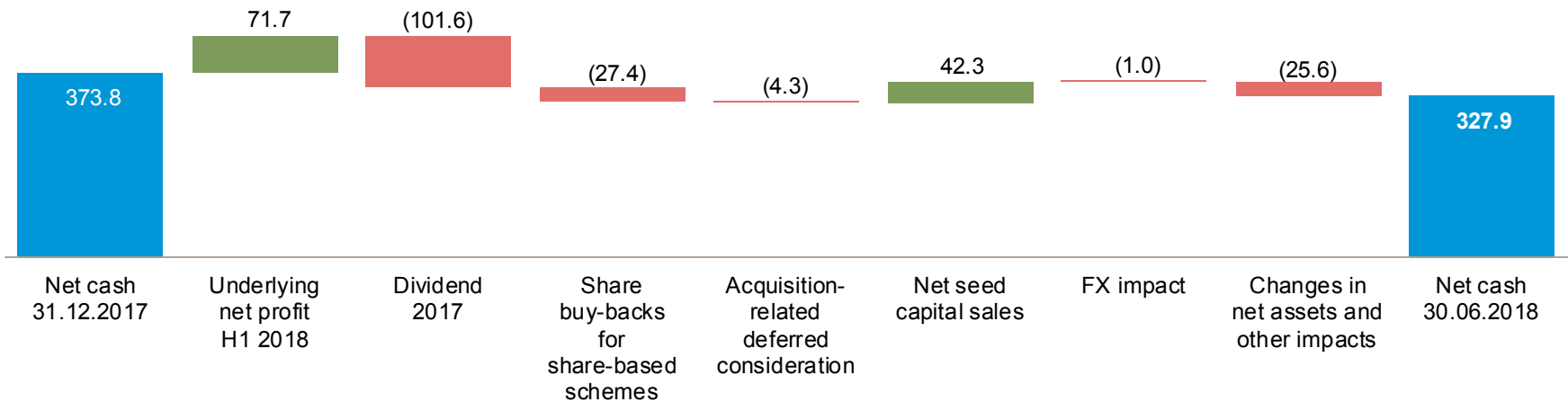
<sup>2</sup> Percentage splits are estimated based upon the transactional currency, except for contractual bonuses which follow the same basis as revenue.

# Group Balance Sheet

	30.06.17	31.12.17	30.06.18
Cash and cash equivalents	281	374	328
Seed capital investments	52	84	51
Other assets	241	270	227
Goodwill and other intangible assets	1,711	1,717	1,631
<b>Assets</b>	<b>2,285</b>	<b>2,445</b>	<b>2,237</b>
Current liabilities	238	327	284
Non-current liabilities	226	235	139
Equity	1,820	1,883	1,814
<b>Liabilities &amp; equity</b>	<b>2,285</b>	<b>2,445</b>	<b>2,237</b>
<b>Tangible equity</b>	<b>109</b>	<b>166</b>	<b>183</b>

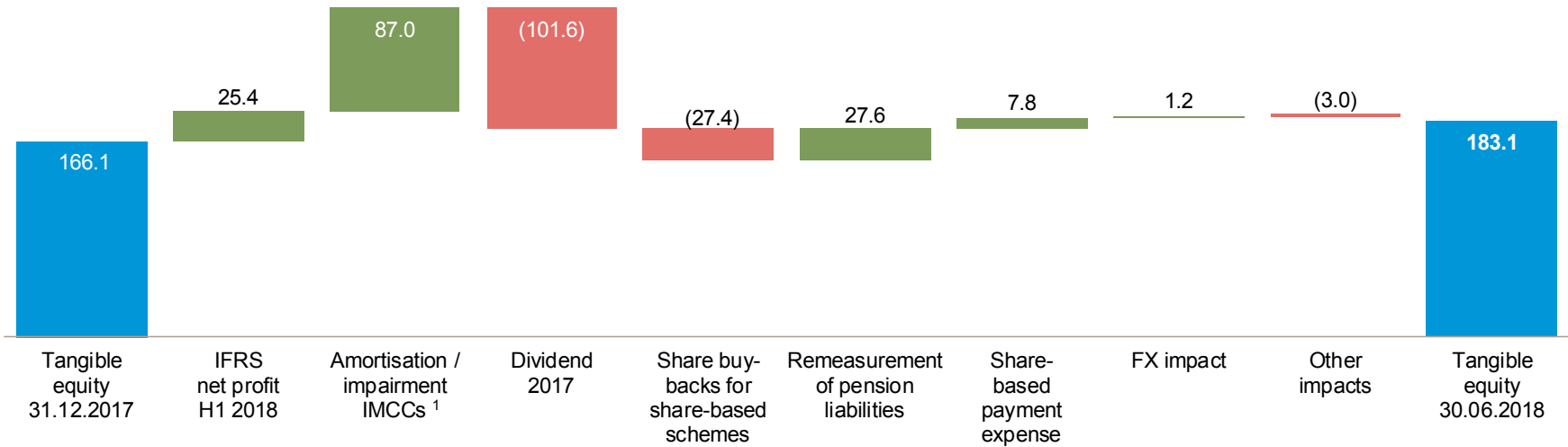
# Net Cash

(in CHF m)



# Tangible Equity

(in CHF m)



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

# Corporate Calendar and Contacts

## Forthcoming events

<b>23 October 2018</b>	Interim management statement Q3 2018
<b>21 February 2019</b>	Full-year results 2018
<b>17 April 2019</b>	Interim management statement Q1 2019

## Contacts

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