

17 April 2019

## PRESS RELEASE

---

### GAM Holding AG: Interim management statement for the three-month period to 31 March 2019

- **Group assets under management (AuM), including investment management and private labelling, of CHF 137.4 billion<sup>1</sup> at 31 March 2019, up from CHF 132.2 billion<sup>2</sup> at 31 December 2018**
- **Investment Management**
  - AuM of CHF 55.1 billion<sup>1</sup>, down 2% from 31 December 2018, driven by net outflows of CHF 4.0 billion<sup>3</sup>, partially offset by positive market and foreign exchange movements of CHF 3.0 billion
  - Continued improvement of investment performance, with 70% of AuM in funds outperforming their respective benchmark over the three- and five-year period
- **Private Labelling**
  - AuM of CHF 82.3 billion, up 8% from 31 December 2018, driven by net inflows of CHF 1.9 billion and positive market and foreign exchange movements of CHF 4.3 billion
- **Completion of ARBF liquidation expected by mid-July 2019**
  - Following the recent sale of two material assets, a further ARBF distribution will take place over the next two weeks resulting in 89–95%<sup>4</sup> of the onshore and 80–84%<sup>4</sup> of the offshore funds' assets being returned to clients
  - GAM has entered into an agreement, the result of which will be the sale of the material remaining ARBF assets at the valuation at which they were purchased
- **Fully on track with the restructuring and the cost savings plan**

**David Jacob, Group CEO, said:** “While the investment performance over a three- and five-year period has improved, first quarter net flows continued to be impacted by ARBF-related matters. Having now sold all but the final group of material assets and with an agreement in place which leads to the sale of them as well, we look forward to putting this difficult period behind us. Our priority during the liquidation process has been to maximise liquidity and value for clients, while ensuring fair treatment for all. I would like to thank our clients for their patience, as we continue to work hard to return their assets. Our full focus remains on rebuilding GAM as a leading active asset manager, known for its differentiated product offering and strengthening the company for our shareholders.”

<sup>1</sup> Excluding CHF 1.35 billion ARBF-related AuM in liquidation as at 31 March 2019.

<sup>2</sup> Excluding CHF 1.45 billion ARBF-related AuM in liquidation as at 31 December 2018.

<sup>3</sup> Excluding CHF 0.1 billion of ARBF-related assets liquidated during the first quarter 2019.

<sup>4</sup> The amount of each fund returned to investors as percentages of the net asset value of the relevant fund as at 3 September 2018 for Luxembourg and the Cayman funds and as at 4 September 2018 for the Ireland funds.

## Investment management

Investment management AuM decreased to CHF 55.1 billion<sup>1</sup>, from CHF 56.1 billion<sup>2</sup> as at 31 December 2018. This was driven by net outflows of CHF 4.0 billion<sup>3</sup> across capabilities, only partially offset by positive market and foreign exchange movements of CHF 3.0 billion.

Investment performance further strengthened, with 70% of investment management assets in funds outperforming their respective benchmark over the three- and five-year period to 31 March 2019, compared to 66% and 63%, respectively, as at 31 December 2018. According to Morningstar data, 85% of GAM's applicable investment management assets in funds are outperforming their respective peer groups over a three- and five-year period to 31 March 2019. This compares to 77% and 79%, respectively, as at 31 December 2018.

### Assets under management movements (CHF bn)

Capability	Opening AuM 1 Jan 2019	Net flows	Market/FX movements	Closing AuM 31 Mar 2019
Fixed income	29.2	(0.8)	1.0	29.4
Equity	8.7	(2.3)	1.1	7.5
Multi asset	7.7	(0.2)	0.5	8.0
Alternatives	4.4	(0.3)	-	4.1
Systematic	4.2	(0.1)	0.4	4.5
Absolute return	1.9	(0.3)	-	1.6
<b>Total</b>	<b>56.1<sup>2</sup></b>	<b>(4.0)<sup>3</sup></b>	<b>3.0</b>	<b>55.1<sup>1</sup></b>

### Net flows by capability

In fixed income, net outflows totalled CHF 0.8 billion. Net inflows in the GAM Local Emerging Bond and GAM Star Credit Opportunities funds were mainly offset by outflows from the GAM Greensill Supply Chain Finance, GAM Emerging Bond and GAM Star MBS Total Return funds as well as low margin institutional mandates.

In equity, net outflows were CHF 2.3 billion, mainly driven by outflows from the GAM Star Asia Pacific Equity, GAM Star Continental European Equity, GAM Euroland Value Equity, and GAM Japan Equity strategies.

In multi asset, net outflows totalled CHF 0.2 billion, primarily driven by redemptions from private clients.

Alternatives saw net outflows of CHF 0.3 billion, mainly driven by outflows from the GAM Physical Gold and GAM Commodity funds which were partly offset by inflows into an existing Swiss institutional mandate.

Systematic recorded net outflows of CHF 0.1 billion, with net inflows in the GAM Systematic Alternative Risk Premia Plus fund offset by net outflows from the CCP Core Macro and CCP Quantitative funds.

Absolute return recorded net outflows of CHF 0.3 billion<sup>3</sup>, mainly as a result of redemptions in the GAM Star (Lux) European Alpha, GAM Star Global Rates and GAM Absolute Return Europe funds.

## Private labelling

In private labelling, AuM increased to CHF 82.3 billion, up from CHF 76.1 billion as at 31 December 2018. This was driven by net inflows of CHF 1.9 billion from existing clients and positive market and foreign exchange movements of CHF 4.3 billion.

### Assets under management movements (CHF bn)

Fund domicile	Opening AuM 1 Jan 2019	Net flows	Market/FX movements	Closing AuM 31 Mar 2019
Switzerland	33.3	0.4	2.4	36.1
Rest of Europe	42.8	1.5	1.9	46.2
<b>Total</b>	<b>76.1</b>	<b>1.9</b>	<b>4.3</b>	<b>82.3</b>

## Update on ARBF liquidation

GAM continues to make good progress on the liquidation of the ARBF assets. Following the recent sale of two material assets, a further distribution will take place over the next two weeks resulting in 89–95%<sup>4</sup> of the Luxembourg-regulated GAM Multibond and the Ireland-regulated GAM Star funds, and 80–84%<sup>4</sup> of the Cayman master fund's and the associated Cayman and Australian feeder funds' assets being returned to clients. This leaves one remaining group of material assets within the ARBF funds and mandates, which are subject to the agreement as set out below.

GAM International Management Limited and an entity within the GFG Alliance ("GFG") have signed an agreement whereby GFG has agreed to acquire all outstanding power purchase receivables notes held in accounts invested in the ARBF strategy managed by GAM International Management Limited.

GFG has already refinanced approximately one third of the GFG originated notes previously held in strategies managed by GAM International Management Limited. Under the terms of the agreement, GFG agrees to facilitate the acquisition of the relevant notes at the valuation at which the notes were purchased by the relevant accounts. The closing of the transaction is expected to be completed on or before 15 July 2019 and is subject to customary conditions. The sale of the notes will complete the asset divestitures in connection with the ARBF account liquidations announced in August 2018.

Subject to the successful execution of the above, a final distribution will be made to clients as soon as possible, completing the liquidation with total distributions currently expected to be between 99.6–101.0% of amounts held at the time the liquidation began<sup>5</sup>, depending on the funds and mandates in question.

## Outlook

With the finalisation of the ARBF liquidation anticipated in coming months, we believe that GAM is well positioned to capture client demand with its differentiated and specialised product offering. We are well on track to achieve the CHF 40 million cost savings by the end of 2019. However, we reiterate our expectation that the financial performance for the first half of 2019 will be materially below the first half of 2018, given the significantly lower investment management AuM and related revenues.

<sup>5</sup> Based on estimates as of 16 April 2019.

**Upcoming events:**

<b>8 May 2019</b>	<b>Annual General Meeting</b>
<b>30 July 2019</b>	<b>Half-year results 2019</b>
<b>17 October 2019</b>	<b>Q3 2019 interim management statement</b>

**For further information please contact:**

## Media relations:

Marc Duceck  
T +41 58 426 62 65

Tobias Plangg  
T +41 58 426 31 38

## Investor relations:

Patrick Zuppiger  
T +41 58 426 31 36

Jessica Grassi  
T +41 58 426 31 37

Visit us at: [www.gam.com](http://www.gam.com)

Follow us on: [Twitter](#) and [LinkedIn](#)

## **About GAM**

GAM is a leading independent, pure-play asset manager. The company provides active investment solutions and products for institutions, financial intermediaries and private investors. The core investment business is complemented by private labelling services, which include management company and other support services to thirdparty asset managers. GAM employs around 900 people in 14 countries with investment centres in London, Cambridge, Zurich, Hong Kong, New York, Milan and Lugano. The investment managers are supported by an extensive global distribution network.

Headquartered in Zurich, GAM is listed on the SIX Swiss Exchange and is a component of the Swiss Market Index Mid (SMIM) with the symbol 'GAM'. The Group has AuM of CHF 137.4 billion (USD 138.0 billion) as at 31 March 2019, excluding ARBF-related AuM of CHF 1.35 billion in liquidation.

## **Disclaimer regarding forward-looking statements**

This press release by GAM Holding AG ('the Company') includes forward-looking statements that reflect the Company's intentions, beliefs or current expectations and projections about the Company's future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industry in which it operates. Forward-looking statements involve all matters that are not historical facts. The Company has tried to identify those forward-looking statements by using words such as 'may', 'will', 'would', 'should', 'expect', 'intend', 'estimate', 'anticipate', 'project', 'believe', 'seek', 'plan', 'predict', 'continue' and similar expressions. Such statements are made on the basis of assumptions and expectations which, although the Company believes them to be reasonable at this time, may prove to be erroneous.

These forward-looking statements are subject to risks, uncertainties, assumptions and other factors that could cause the Company's actual results of operations, financial condition, liquidity, performance, prospects or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to: changing business or other market conditions, legislative, fiscal and regulatory developments, general economic conditions, and the Company's ability to respond to trends in the financial services industry. Additional factors could cause actual results, performance or achievements to differ materially. The Company expressly disclaims any obligation or undertaking to release any update of, or revisions to, any forward-looking statements in this press release and any change in the Company's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable law or regulation.