

# GAM SYSTEMATIC DYNAMIC CREDIT

Marketing material for professional/institutional/certified investors

GAM Systematic Dynamic Credit<sup>1</sup> is a systematic credit fund, designed to outperform credit indices on an absolute and risk-adjusted basis over the cycle. It targets full upside participation combined with downside protection, namely in prolonged bear markets. The fund benefits from highly active and reactive positioning and provides daily liquidity for subscriptions and redemptions.

## Reasons to invest

- **Attractive risk/return profile:** aims to outperform global credit markets across cycles at materially less drawdown risk.
- **Downside protection:** designed to optimise market upside participation, while protecting or even benefiting from any prolonged market drawdowns.
- **Effective diversifier:** the fund aims to have only minor correlation patterns to traditional credit products, as well as other major risk asset classes over the cycle.
- **Flexible application:** the risk/return profile, active multi-dimensional credit approach and broadly neutral interest rate duration positioning over time makes the fund a compelling standalone or overlay credit strategy.

## Our edge

- **Multiple sources of alpha:** three distinctive risk-return drivers aim to dynamically capture changes in risk sentiment and absolute and relative spread changes in or between credit markets and issuers.
- **Systematic:** purely model-driven, automated process allows for a highly structured, repeatable, real-time approach that excludes any human bias otherwise inherent in active traditional credit strategies.
- **Transparent, liquid, scalable and efficient:** active market exposure is taken through the most liquid, standardised credit and interest rate derivatives, centrally cleared to eliminate counterparty risk.
- **Proven and tested:** all models have been designed and tested by GAM Systematic's multi-billion dollar quantitative specialist platform and leverage off proven track records.

## Investment team



The strategy is managed by the GAM Systematic Cambridge team<sup>2</sup>. GAM Systematic manages a suite of rules-based solutions across asset classes and in both long-only and long-short strategies, predominantly for global institutional investors.

Founded in 2006 and employing around 30 scientists fully dedicated to research, systems and trading, the GAM Systematic Cambridge team leverages off extensive academic and quantitative research experience, and benefits from strong links to Cambridge's academic, research and technology communities. The team deliberately focuses on attracting top scientists from diverse backgrounds in fields including engineering, astrophysics, statistics, computer science and economics.

The team is united in their belief in delivering value to investors through a rigorous scientific, systematic and rules-based approach that creates portfolios with limited correlation to traditional asset classes.

Find out more: [gam.com/en/featured-funds](https://gam.com/en/featured-funds)

<sup>1</sup> Full legal name: GAM Star Fund plc. – GAM Systematic Dynamic Credit

<sup>2</sup> Full legal name: GAM Systematic LLP

## Investment philosophy

The credit strategy combines three distinct, largely uncorrelated return drivers that differ not only in terms of objective, directionality and the risk taken, but also in terms of investment horizons and corresponding trading activity. Empirical evidence and extensive backtesting demonstrates that this should create materially better, higher quality long-term returns from global credit markets than comparable traditional investment approaches.

## Investment process

Our fully automated, model-driven and tightly risk controlled process ensures that the strategy is managed in an entirely unbiased and highly effective manner while the exclusive focus on only the most liquid credit and interest rate derivative instruments, as well as short-dated US Treasury bills, allows for a maximum level of transparency, liquidity, scalability and cost efficiency. This daily trading portfolio has exposure to all three strategies at all times, albeit to varying degrees. A comparatively modest level of gross and limited net leverage is applied.

## Fund facts

Fund type	UCITS
Fund manager	GAM Systematic   Cantab
Inception date	31 Dec 2018
Currency classes <sup>1</sup>	USD (base currency), EUR, GBP hedged classes are available
Index for comparison	3-month T-Bills
Dealing	Each business day (the cut-off time for the receipt of subscription and redemption orders is 10:00 (UK time) on the dealing day).
Investment manager and sponsor fees <sup>2</sup>	1.00% 0.75% for the early investor share class <sup>3</sup>
Performance fee	10% over 3-month T-Bills 0% for the early investor share class <sup>3</sup>

<sup>1</sup> Currency hedging may be employed to protect against exchange rate risk. Please contact your client manager for an exhaustive list of currency classes available.

<sup>2</sup> Excludes administration and custodian fee – please see Prospectus for further details on fees.

<sup>3</sup> Early investors will be able to benefit from a preferential flat management fee of 0.75% and no performance fee until the fund AUM reaches USD 100 million.

Sub-Strategy	Tactical Credit	Directional Credit	Market Neutral Credit
Positioning	Directional		Relative Value
Investment Rationale	 Rotate between credit markets and “safe haven” assets	 Run directional credit market and credit sector longs and shorts	 Run a market neutral portfolio of single name corporate CDS
Style	Credit trader	Credit strategist	Credit analyst
Value Added	Captures changes in market risk sentiment	Captures environment shifts in credit markets	Captures relative spread changes between issuers
Instruments & Universe	<ul style="list-style-type: none"> <li>• CDX NA IG</li> <li>• CDX NA HY</li> <li>• iTraxx EU Main</li> <li>• iTraxx EU Xover</li> <li>• UST Futures</li> <li>• BUND Futures</li> </ul>	<ul style="list-style-type: none"> <li>• CDX US IG</li> <li>• CDX US HY</li> <li>• iTraxx EUR Main</li> <li>• iTraxx EUR Xover</li> <li>• iTraxx EUR SenFin</li> <li>• CDX EM</li> <li>• 7 EM Govt CDS</li> </ul>	<ul style="list-style-type: none"> <li>• 50-60 single name corporate CDS</li> <li>• Selected from the 400 most liquid CDX and iTraxx index constituents</li> </ul>
Investment Horizon	~1 week	~3 - 6 months	>6 months



With diverse backgrounds in fields including engineering, astrophysics, statistics, computer science and economics, the common thread in our DNA is a passion for delivering value to our investors through our rigorous scientific approach to investing.”

**Anthony Lawler**  
Head of GAM Systematic

For more information, please visit [www.gam.com](http://www.gam.com)

Please read the legal information on the following pages.



**Important legal information:**

**Capital at risk:** All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.

**Interest rate risk:** A rise or fall in interest rates causes fluctuations in the value of fixed income securities, which may result in a decline or an increase in the value of such investments.

**Currency Risk:** The value of investments in assets that are denominated in currencies other than the base currency will be affected by changes in the relevant exchange rates which may cause a decline.

**Currency Risk - non base currency share class:** Non-base currency share classes may or may not be hedged to the base currency of the Fund. Changes in exchange rates will have an impact on the value of shares in the Fund which are not denominated in the base currency. Where hedging strategies are employed, they may not be fully effective.

**Liquidity Risk:** Some investments can be difficult to sell quickly which may affect the value of the Fund and, in extreme market conditions, its ability to meet redemption requests.

**Trading/Model Risk:** Assumptions employed in quantitative-based pricing theories and valuation models used could prove over time to be incorrect.

**Systems Risk:** The Fund relies extensively on computer programs and systems which interfaces with third party systems. Reliability of third party systems cannot be guaranteed.

**Strategy Exceptions and Hardware Failure:** The Fund is at risk of errors of implementation (e.g. "bugs" and classic coding errors), errors of design and errors resulting from unexpected interaction of various code modules or systems.

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