

GAM STAR GLOBAL RATES

Marketing material for professional/institutional/accredited investors

GAM Star Global Rates * is a discretionary global macro fund investing in sovereign fixed income and currencies to exploit market inefficiencies. The fund seeks to deliver absolute returns and targets high single digit returns net of fees, irrespective of market conditions. A focus on idiosyncratic and relative value themes has resulted in the fund exhibiting low correlation to traditional asset classes over short-term, long-term and crisis horizons.

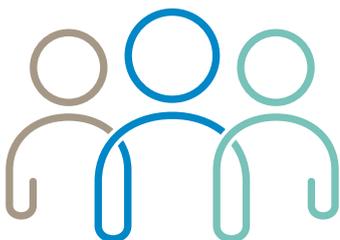
Reasons to invest

- **Attractive opportunities:** the prospects for traditional asset classes remain uncertain, as central banks look to step back from unconventional policies; thus, opportunities can be sought in uncorrelated strategies that seek to extract alpha from markets.
- **Effective diversifier:** the fund typically invests in interest rate and foreign exchange derivative instruments, thereby potentially achieving returns with attractive diversification characteristics to traditional fixed income and equity portfolios over short-term, long-term and crisis horizons.
- **Equity-like returns, fixed income levels of risk:** by focusing on key relative value themes, the team seeks to run a fund concentrated enough to deliver equity-like returns, while providing enough diversification to achieve this with fixed income levels of risk, in terms of volatility and drawdown.

Our edge

- **Highly experienced manager:** more than 30 years' experience as an economist and investment manager enables Adrian Owens to successfully evaluate an array of factors, while employing an eclectic and pragmatic approach driven by economic fundamentals.
- **Outperformance during periods of weakness:** with its focus on discretionary, RV macro, the strategy has consistently outperformed during times of fixed income market weakness, typically achieved with minimal net duration exposure.
- **Flexible:** the use of long and short positions, longer-term strategic themes and shorter-term tactical trades and a wide range of fundamental and technical investment styles, potentially enable alpha generation in all market conditions, as well as protecting on the downside.
- **Liquid, transparent:** the team focuses on liquid opportunities, while giving investors full transparency on portfolio holdings, return and risk.

Investment team



The Global Rates team is led by Adrian Owens, Investment Director, who has been involved in discretionary macro investing since 2004. Adrian's 30-plus years as an economist and investment manager are at the heart of his ability to understand how macro factors drive market behaviour and are central to his aim to generate attractive, risk-adjusted returns across all market conditions.

Adrian is supported by Rahul Mathur and Scott Watson who are Investment Managers dedicated to the strategy. Rahul and Scott provide background research and support. Scott is the primary link with the execution desk and brings his understanding of market positioning and expectations to the investment process.

The team operates independently and has autonomy over their investment process, while being supported by GAM Investments' risk team, which provides independent risk oversight, as well as investment administration and operations teams.

Find out more: gam.com/en/funds/featured-funds

* Full legal name: GAM Star Fund plc. – GAM Star Global Rates

Investment philosophy

The manager believes that fixed income and currency markets are ultimately driven by economic fundamentals. However, prolonged periods of mispricing occur when other drivers, such as market sentiment, dominate. Therefore, managers who can identify the real market drivers and capture their shifts can successfully add alpha.

Investment process

The manager’s top-down, thematic process is embedded with a combination of *ex-ante* and *active risk management*. Having determined the market backdrop, the team uses original economic research – focused mainly on developed and liquid emerging markets – to identify strong ‘economic stories’ which offer value. They seek to capture these opportunities by analysing market valuations and building metrics for currency and rates ideas. The outcome is a set of fair valuations and stop loss limits for each market or currency. Trades are based on conviction, while technical analysis is used to size and time trades. Typically, the team’s 8-12 themes account for 60-80% of the portfolio’s risk capital. The remaining 20-40% is allocated to short-term, tactical trades, contingent on the market backdrop. Risk is actively managed throughout by monitoring correlation, diversification and liquidity, while hard stop loss limits are set for each trade at inception.

1

Define market backdrop

- Determine current market environment
- Evaluate growth drivers, risk appetite, correlation

2

Identify strong economic stories

- Global mandate, with a focus on developed and liquid EM
- Original economic research

3

Determine market valuations

- Evaluate bond markets and build valuation metrics for each currency pair idea
- *Ex-ante risk management* – focus on value, establish stops

4

Portfolio construction and active risk management

- Prioritise trade ideas based on conviction
- Risk management – focus on theme correlation, diversification and liquidity



Our eclectic approach to investment, though driven by economic fundamentals, does at times place more weight on an array of other factors. We believe successful evaluation of the importance of such factors comes only from experience.”

Adrian Owens
Investment Director

For more information, please visit GAM.com

Please read the legal information on the following pages.



Fund facts

Fund type	UCITS
Fund manager	Adrian Owens
Inception date	13 Nov 2009
Currency classes ¹	USD (base), CHF, EUR, GBP classes are available
Index for comparison	3 month LIBOR
Dealing	Each business day
Investment manager and sponsor fees ²	Institutional shares: 1.00%
Performance fee	10% over 3 month Libor, on a high water mark basis

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

² Excludes administration and custodian fee – please see the Prospectus for further details on fees.

Important legal information:

Counterparty Risk / Derivatives: If a counterparty to a financial derivative contract were to default, the value of the contract, the cost to replace it and any cash or securities held by the counterparty to facilitate it, may be lost.

Leverage Risk: Derivatives may multiply the exposure to underlying assets and expose the Fund to the risk of substantial losses.

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.

Market Risk / Emerging Markets: Emerging markets will generally be subject to greater political, market, counterparty and operational risks.

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.

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