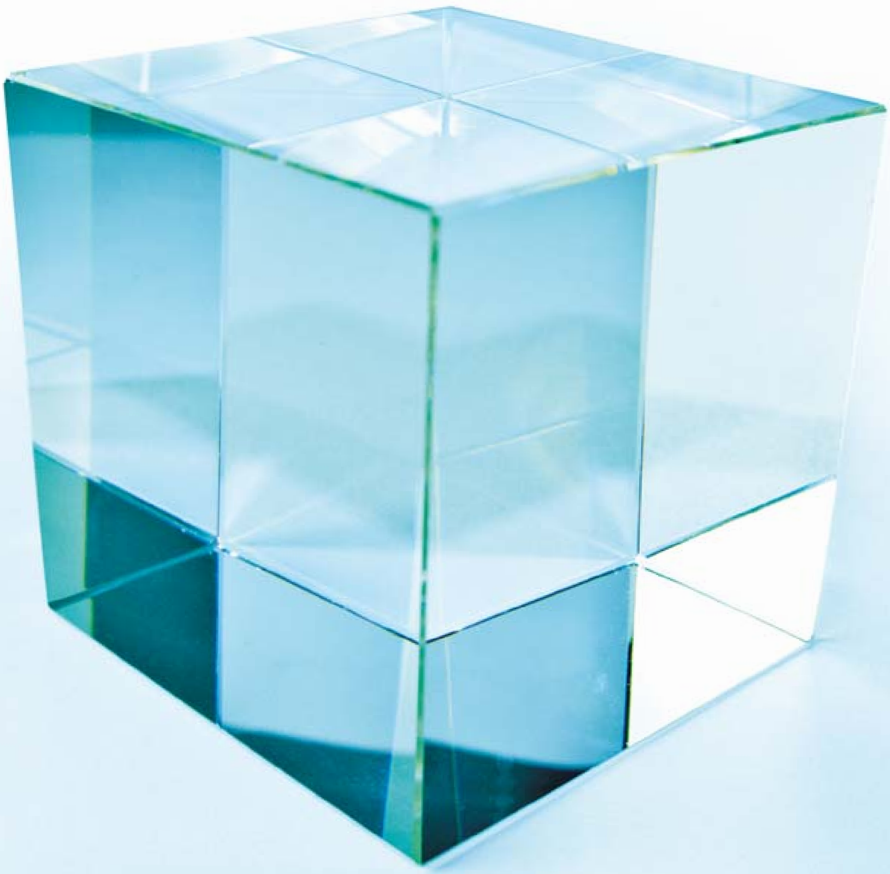
GAM | Holding AG

# HALF-YEAR REPORT 2012

# CONTENTS





# KEY FIGURES

| | H1 2012 | H1 2011 | H2 2011 | CHANGE FROM H1 2011 IN % | CHANGE FROM H2 2011 IN % |
|---|---|---|---|---|---|
| **CLIENT ASSETS CHF BN** | | | | | |
| Assets under management at the end of the period | 111.1 | 113.5 | 107.0 | -2 | 4 |
| Average assets under management | 110.0 | 117.8 | 108.0 | -7 | 2 |
| Net new money | 0.9 | 0.6 | -4.4 | 50 | 120 |
| **INCOME STATEMENT[1] CHF M** | | | | | |
| Operating income | 280.8 | 324.9 | 273.6 | -14 | 3 |
| Operating expenses | 193.7 | 200.2 | 184.3 | -3 | 5 |
| **Profit before taxes** | **87.1** | **124.7** | **89.3** | **-30** | **-2** |
| Income taxes | 16.9 | 24.3 | 24.0 | -30 | -30 |
| **Underlying net profit** | **70.2** | **100.4** | **65.3** | **-30** | **8** |
| **PROFIT BEFORE TAXES PER SEGMENT CHF M** | | | | | |
| GAM | 51.6 | 64.7 | 45.9 | -20 | 12 |
| Swiss & Global Asset Management | 44.5 | 55.1 | 49.4 | -19 | -10 |
| Group functions | -9.0 | 4.9 | -6.0 | -284 | -50 |
| **Total** | **87.1** | **124.7** | **89.3** | **-30** | **-2** |
| **KEY PERFORMANCE INDICATORS** | | | | | |
| Gross margin (basis points)[2] | 51.1 | 55.2 | 50.7 | - | - |
| Cost/income ratio | 69.0% | 61.6% | 67.4% | - | - |
| Pre-tax margin (basis points)[2] | 15.8 | 21.2 | 16.5 | - | - |
| Return on tangible equity[3] | 22.5% | 24.4% | 18.0% | - | - |
| **PERSONNEL** | | | | | |
| Number of full-time employees at the end of the period | 1,083 | 1,061 | 1,078 | 2 | 0 |
| in Switzerland | 325 | 314 | 324 | 4 | 0 |
| in the United Kingdom | 405 | 397 | 405 | 2 | 0 |
| in the rest of Europe | 233 | 228 | 227 | 2 | 3 |
| in the rest of the world | 120 | 122 | 122 | -2 | -2 |

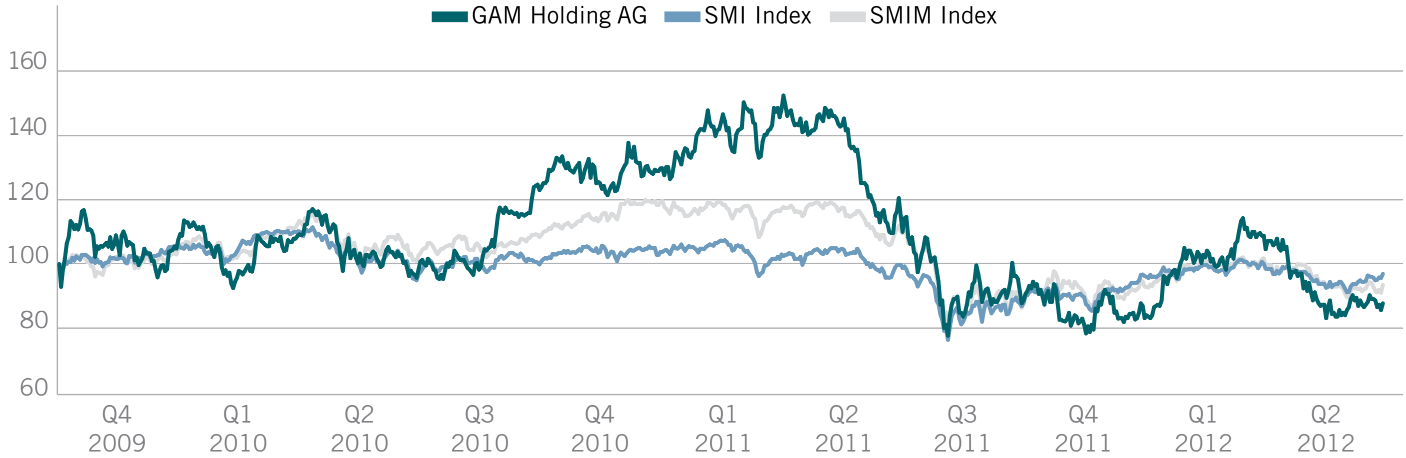
[1] The result for H1 2012 has been adjusted to exclude the impairment of investments of CHF 22.5 million, the amortisation of customer relationships of CHF 5.8 million and defined benefit pension plan curtailment expenses (net of taxes) of CHF 6.0 million. Including those non-cash items, the Group's net profit for H1 2012 amounted to CHF 35.9 million, as shown in the Condensed Interim Consolidated Financial Statements.
The result for 2011 has been adjusted to exclude the impairment of investments of CHF 249.1 million (H1 2011: CHF 92.2 million, H2 2011: CHF 156.9 million) and the amortisation of customer relationships of CHF 11.6 million (H1 2011: CHF 5.8 million, H2 2011: CHF 5.8 million). Including those non-cash items, the Group's net loss for 2011 amounted to CHF 95.0 million (H1 2011: net profit of CHF 2.4 million, H2 2011: net loss of CHF 97.4 million), as shown in the Condensed Interim Consolidated Financial Statements.

[2] Annualised.

[3] Underlying net profit (annualised) / tangible equity at the end of the period.

| | **30.06.2012** | 30.06.2011 | 31.12.2011 | CHANGE FROM 30.06.2011 IN % | CHANGE FROM 31.12.2011 IN % |
|---|---|---|---|---|---|
| **BALANCE SHEET** CHF M | | | | | |
| Assets | 2,279.1 | 2,575.8 | 2,425.7 | -12 | -6 |
| Equity | 1,990.2 | 2,200.6 | 2,099.5 | -10 | -5 |
| Tangible equity[1] | 622.8 | 821.6 | 726.3 | -24 | -14 |

## SHARE PRICE PERFORMANCE (INDEXED)




## LISTING INFORMATION

| | |
|---|---|
| Swiss securities number | 10265962 |
| ISIN | CH0102659627 |
| Listing | SIX Swiss Exchange and a component of the Swiss Market Index Mid (SMIM) |

| | **H1 2012** | H1 2011 | H2 2011 | CHANGE FROM H1 2011 IN % | CHANGE FROM H2 2011 IN % |
|---|---|---|---|---|---|
| **SHARE INFORMATION** CHF | | | | | |
| EPS[2] | 0.40 | 0.54 | 0.36 | -26 | 11 |
| Book value at the end of the period[3] | 3.64 | 4.51 | 4.10 | -19 | -11 |
| Closing price | 10.55 | 13.80 | 10.20 | -24 | 3 |
| High price | 13.70 | 18.25 | 14.45 | - | - |
| Low price | 10.00 | 13.15 | 9.35 | - | - |
| Market capitalisation at the end of the period (CHF m) | 1,934 | 2,852 | 2,002 | -32 | -3 |
| Weighted average number of shares outstanding | 174,666,344 | 187,010,439 | 179,265,067 | -7 | -3 |

[1] Equity excluding goodwill, customer relationships and brand.
[2] Underlying net profit / weighted average number of shares outstanding, excluding treasury shares.
[3] Tangible equity / number of shares outstanding at the end of the period, excluding treasury shares.

# GAM HOLDING AG AT A GLANCE

## WHO WE ARE

- An independent, pure-play asset management group, financially strong and strategically flexible
- Listed on the SIX Swiss Exchange since October 2009, with a strong global presence, employing over 1,000 staff in ten countries
- Comprises the distinct but complementary businesses of GAM and Swiss & Global Asset Management, both dedicated to delivering superior long-term performance for clients through active asset management and an absolute focus on quality
- Offers a diversified range of investment products and services to institutions, intermediaries, private clients and charities

## GAM HOLDING AG

### BOARD OF DIRECTORS

Johannes A. de Gier – Chairman
Daniel Daeniker
Diego du Monceau
Dieter A. Enkelmann
Hugh Scott-Barrett

### EXECUTIVE BOARD

Johannes A. de Gier – CEO
Andrew M. Wills – Group CFO
Scott Sullivan – Group General Counsel

## OPERATING BUSINESSES

GAM

David M. Solo – CEO, GAM

SWISS & GLOBAL ASSET MANAGEMENT

David M. Solo – CEO, Swiss & Global Asset Management

# LETTER FROM THE CHAIRMAN AND CEO

## DEAR READER

Client flows during the first half of 2012 mirrored the persistent uncertainties in the markets, with core asset classes such as equities experiencing low demand. In this environment, having a diversified set of businesses was a clear advantage, allowing us to capture the few opportunities that were available.

Combined with our cost discipline and financial strength, this enables us to maintain the flexibility we need to shape our future.

Johannes A. de Gier : Chairman and CEO, GAM Holding AG

As anticipated in my letter of March, the first half of 2012 proved challenging for asset managers. However, I was confident then that our Group was well-equipped to meet these challenges and this has proven to be the case. While the underlying net profit of CHF 70.2 million we announced today lags the result achieved in the first half of 2011, it represents a recovery from the second half of the year.

At CHF 111.1 billion, Group assets under management rose from their low at the end of December 2011. This increase reflected the positive effects of market performance (CHF 2.9 billion) and foreign exchange movements (CHF 0.3 billion). Net new money inflows for the Group were CHF 0.9 billion, a turnaround from the net outflows of CHF 4.4 billion in the second half of 2011 and an improvement from the net inflows of CHF 0.6 billion in the first half of that year. Substantial net inflows came from the active fixed income strategies managed by GAM, which generated growth via Swiss & Global Asset Management's well-established distribution channels in the wholesale market, as well as via GAM's growing direct relationships with institutions and pension consultants. These flows are reported in both operating businesses, but are counted only once in the Group's net new money total.

Looking at the two operating businesses separately, Swiss & Global Asset Management posted robust results in a tough market environment, with net inflows of CHF 3.5 billion. In addition to the inflows into the fixed income funds mentioned above, a strong contribution came from renewed growth in the private label funds business. This business helps other firms launch their own investment products, handling most of the fund management company functions and associated operational work for them. The physical precious metals range also continued to experience demand, especially the gold fund. Net inflows into equities were muted but encouraging in light of the generally low levels of interest in the asset class.

GAM reported net new money outflows of CHF 1.0 billion. Activity and flows from institutional and wholesale clients improved from the low levels experienced in the second half of 2011. This partly offset redemptions from GAM's historic private banking channels, which continued to move their discretionary portfolio mandates in-house in line with common trends in the industry, particularly affecting GAM's multi-manager products. In addition, one of GAM's externally advised equity strategies experienced outflows after an extended period of disappointing performance, and institutions meaningfully reduced their allocations to basic long-only fixed income mandates due to the extremely low yields available. However, we are already seeing the latter translate into increased allocations to low-volatility alternative fixed income strategies, and expect this trend to be beneficial for GAM over the medium term.

I strongly believe that our results for the first half of the year validate our diversification strategy. They show that we have the potential to capture client flows even in an environment where demand is thin and focused on specific, narrow areas. However, we cannot afford to be complacent: it is clear that we will do our best to improve our results from here. That's why we need to position our businesses for the future. Profit growth will only come from having competencies that address tomorrow's needs and businesses that are robust enough to carry us through the full range of market cycles. Volatile markets, low yields, slow-growth economies, ageing societies, increased regulation – all of these factors combine to create an unprecedented set of issues that are posing real problems for our clients. To us, given our broad set of capabilities, these issues represent opportunities to develop solutions both for and with clients.

Naturally, such a diversified business comes at a cost – it requires talented people, geographic reach, investment in client relationships, infrastructure maintenance and constant innovation. All this needs to be supported and sustained even in periods when revenues slow. We saw this in the first half of 2012: while performance fees recovered nicely from the previous year, all other income categories fell. As a result, our cost/income ratio rose to 69.0%, even though we continued to keep a firm lid on costs across the Group. We reduced discretionary spending where possible, but without compromising on our strategy. We are in no way blinded by our ambitions – we manage our business realistically and operate within a very lean structure. Cost discipline is and will remain a priority for us. However, it is important to apply judgment and achieve the right balance between calibrating costs to market conditions and maintaining the stability our businesses need to thrive. Over the medium term, it will be our ability to capture opportunities when and where they arise that will make the difference between success and failure – more so than indiscriminate cost-cutting.

The Board of Directors recently reconfirmed our strategic direction, along with our commitment to distribute our earnings to shareholders in an appropriate fashion. Depending on developments in the second half of 2012, the dividend for the financial year 2012 is expected to be consistent with prior years. Additional distributions will continue to be made through our share buy-back programme, which is also an important means of actively managing our capital base. The reduction of the weighted average number of shares outstanding resulting from the buy-backs helped to offset the decrease in our underlying net profit during the first six months of 2012, supporting both return on tangible equity and earnings per share, which were 22.5% and CHF 0.40 respectively. At the same time, our capital base remains solid, with tangible equity of CHF 622.8 million.

Looking forward to the remainder of 2012, it would be surprising if market conditions were to improve drastically. We expect uncertainty to persist and to continue to impact client behaviour. This in turn will make demand for investment strategies and asset classes erratic, leading to high product rotation and turnover. Such conditions are testing for our industry as a whole, even for a diversified group such as ours. However, looking at the determination of our people and the quality of our businesses, I firmly believe in our ability to turn these challenges to our ultimate advantage.

Johannes A. de Gier

Chairman and CEO, GAM Holding AG
Zurich, August 2012

# GROUP PERFORMANCE REVIEW

Andrew M. Wills : Group Chief Financial Officer, GAM Holding AG

## GROUP AUM AND NET NEW MONEY[1]

Group **assets under management** were CHF 111.1 billion at the end of June 2012, CHF 4.1 billion (4%) higher than at year-end 2011. The increase primarily reflects positive market movements of CHF 2.9 billion. Currency movements also had a positive effect of CHF 0.3 billion. A large part of our asset base is denominated in US dollars and British pounds and the strengthening of these currencies against our Swiss franc reporting currency during the first six months of the year more than offset the impact of the depreciation of the euro/Swiss franc rate.

The Group's **net new money** inflows for the first six months of 2012 were CHF 0.9 billion, up from the CHF 0.6 billion reported in the first half of 2011 and a significant improvement on the net outflows experienced in the second half of 2011.

Swiss & Global Asset Management recorded robust net new money inflows of CHF 3.5 billion, fuelled by the growth of its private label funds business and a strong contribution from the fixed income products managed by GAM. Net inflows into equities were positive but remained muted, while the range of physical precious metal products continued to experience good demand.

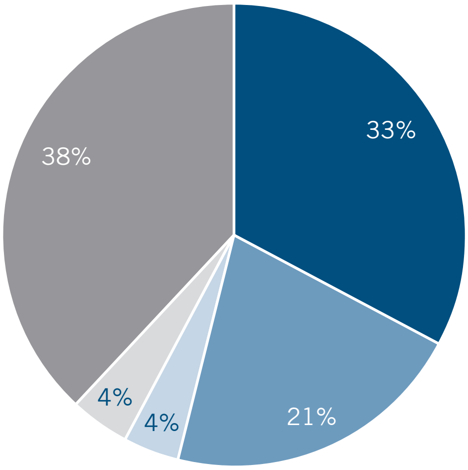
GAM reported an overall net new money outflow of CHF 1.0 billion for the first half of 2012, despite strong net inflows into its fixed income range – particularly its absolute return, emerging market and catastrophe bond strategies – driven by improved client activity from wholesale and institutional clients. Redemptions were the result of clients rebalancing their portfolios – some of them at the end of 2011 – which affected certain of GAM's equity and multi-manager products as well as its lower-margin, directional fixed income assets particularly in the early part of the year. Outflows were also recorded from our historic private banking channels as they continued to bring their discretionary portfolio mandates in-house, in common with many of their peers. We expect the effects of this attrition to ease over time as GAM continues to successfully expand and diversify its business.

## GROUP FINANCIAL RESULTS[2]

**Operating income** for the first half of 2012 totalled CHF 280.8 million, 14% less than in the same period a year ago. Net fee and commission income was CHF 245.0 million, also 14% lower than in the first half of 2011, reflecting a 7% year-on-year decrease in the average asset base as well as a higher share of lower-margin assets in both operating businesses. Performance fees, mainly reported at GAM, were CHF 29.4 million, marking a recovery from the previous year's CHF 15.6 million. This increase was primarily driven by our fixed income product range. Performance fees on these products are booked only once a year, at the end of June. Income from investment in associates, relating to our minority stake in Artio Global Investors Inc. (Artio), which is held purely as a financial investment, decreased to an all-time low of CHF 1.8 million from CHF 12.4 million a year earlier. This income is derived from Artio's publicly available earnings statements, which showed a marked

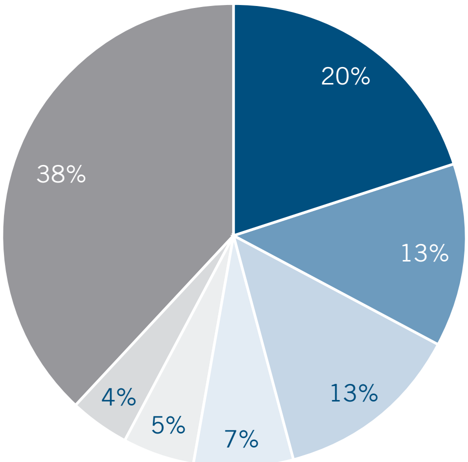
[1] Group assets under management and net new money totals exclude the funds managed by GAM and distributed by Swiss & Global Asset Management, which are reported in both businesses. Including these assets, Group assets under management would have been CHF 128.1 billion as at 30 June 2012 and net new money inflows CHF 2.4 billion in the first six months of the year.
[2] Group financial results are discussed on the basis of underlying net profit. For a reconciliation to the Condensed Interim Consolidated Financial Statements, please refer to pages 10 and 11.

## GROUP AUM BY CLIENT[1] : AS AT 30 JUNE 2012




| | 30.06.2012 | 31.12.2011 | 30.06.2011 |
|---|---|---|---|
| Wholesale fund distribution | 33% | 32% | 35% |
| Institutional clients | 21% | 22% | 20% |
| Private clients | 4% | 5% | 5% |
| Discretionary & advisory portfolios | 4% | 4% | 5% |
| Private label funds | 38% | 37% | 35% |

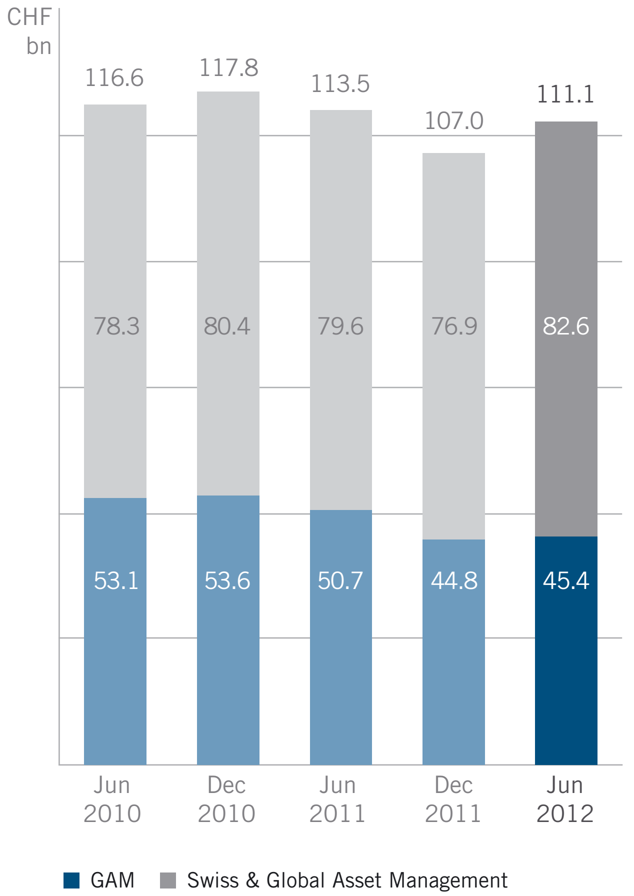
## GROUP AUM BY PRODUCT[1] : AS AT 30 JUNE 2012




| | 30.06.2012 | 31.12.2011 | 30.06.2011 |
|---|---|---|---|
| Fixed income | 20% | 21% | 20% |
| Equity | 13% | 13% | 15% |
| Absolute return single manager | 13% | 12% | 13% |
| Commodities | 7% | 7% | 6% |
| Multi-manager | 5% | 6% | 6% |
| Discretionary & advisory portfolios | 4% | 4% | 5% |
| Private label funds | 38% | 37% | 35% |

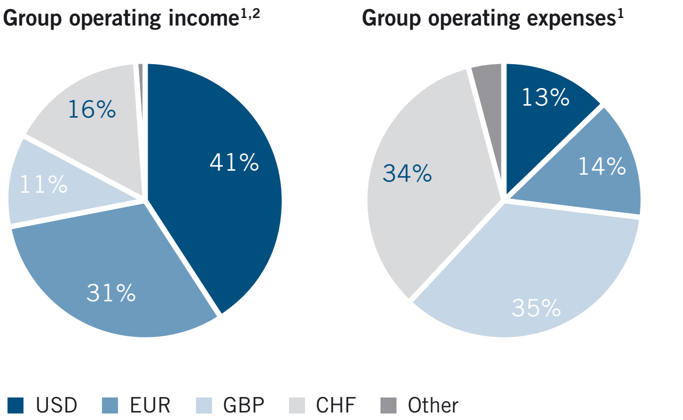
[1] Group assets under management exclude CHF 16.9 billion of funds managed by GAM and distributed by Swiss & Global Asset Management.

## GROUP AUM : CHF 111.1 BN[1] :
AS AT 30 JUNE 2012




[1] Group assets under management exclude double-count of funds managed by GAM and distributed by Swiss & Global Asset Management (CHF 16.9 billion as at 30 June 2012).

## APPROXIMATE REVENUE & COST ANALYSIS
BY CURRENCY, FOR H1 2012




[1] Excludes performance fees and related compensation. Composition evolves over time, based on evolving fund performance.
[2] Based on currency of underlying share classes.

decline in profitability. Other operating income – which includes gains and losses from hedging activities undertaken with respect to our currency exposure and our seed capital investments – fell to CHF 4.6 million (65% lower than a year ago). The Group's **gross margin** fell 4.1 basis points to 51.1 basis points, with approximately half of the decline resulting from the significantly lower income from associates.

**Operating expenses** declined 3% to CHF 193.7 million year-on-year. Personnel expenses were down by 6%, reflecting lower accounting charges relating to the employee options granted under the 2009 long-term incentive plan. These non-cash charges are amortised over the relevant vesting periods of the grants and amounted to CHF 4.1 million in the first half of 2012 compared to CHF 8.8 million a year earlier. Accruals for discretionary bonuses were reduced, while contractual-based variable compensation to our investment professionals increased in line with the rise in performance fees. General expenses rose by CHF 2.2 million to CHF 52.5 million due to two non-recurring items – the release of CHF 4 million of provisions in the first half of 2011 and irrecoverable VAT expenses related to prior periods that were booked in the first half of 2012. Excluding these two items, general expenses decreased from the previous year. Cost containment and efficiency remain a key focus, as we continue to seek to tightly control expenses and reduce them where it makes sense to do so.

## CONSOLIDATED INCOME STATEMENT[1]

| | H1 2012 CHF M | H1 2011 CHF M | H2 2011 CHF M | CHANGE FROM H1 2011 IN % |
|---|---|---|---|---|
| Net fee and commission income | 245.0 | 283.8 | 250.3 | -14 |
| Performance fees | 29.4 | 15.6 | 4.0 | 88 |
| Income from investment in associates | 1.8 | 12.4 | 4.7 | -85 |
| Other operating income | 4.6 | 13.1 | 14.6 | -65 |
| **Operating income** | **280.8** | **324.9** | **273.6** | **-14** |
| | | | | |
| Personnel expenses | 137.6 | 146.6 | 130.6 | -6 |
| General expenses | 52.5 | 50.3 | 50.2 | 4 |
| Depreciation and amortisation | 3.6 | 3.3 | 3.5 | 9 |
| **Operating expenses** | **193.7** | **200.2** | **184.3** | **-3** |
| | | | | |
| **Profit before taxes** | **87.1** | **124.7** | **89.3** | **-30** |
| | | | | |
| Income taxes | 16.9 | 24.3 | 24.0 | -30 |
| **Underlying net profit** | **70.2** | **100.4** | **65.3** | **-30** |

[1] The result for H1 2012 has been adjusted to exclude the impairment of investments of CHF 22.5 million, the amortisation of customer relationships of CHF 5.8 million and defined benefit pension plan curtailment expenses (net of taxes) of CHF 6.0 million. Including those non-cash items, the Group's net profit for H1 2012 amounted to CHF 35.9 million, as shown in the Condensed Interim Consolidated Financial Statements.
The result for 2011 has been adjusted to exclude the impairment of investments of CHF 249.1 million (H1 2011: CHF 92.2 million, H2 2011: CHF 156.9 million) and the amortisation of customer relationships of CHF 11.6 million (H1 2011: CHF 5.8 million, H2 2011: CHF 5.8 million). Including those non-cash items, the Group's net loss for 2011 amounted to CHF 95.0 million (H1 2011: net profit of CHF 2.4 million, H2 2011: net loss of CHF 97.4 million), as shown in the Condensed Interim Consolidated Financial Statements.

## RECONCILIATION OF UNDERLYING NET PROFIT TO FINANCIAL STATEMENTS

GAM Holding AG's financial statements are reported in accordance with International Financial Reporting Standards (IFRS). Additionally, in this section of the report, we provide comments and analysis on an adjusted basis, excluding certain items that are related to specific events and that are indicative neither of the underlying performance of our two operating businesses nor of their future growth potential. These adjustments reflect our internal approach to analysing our results and managing the Group.

For the first half of 2012, the following items are included in the Group's net profit of CHF 35.9 million reported in accordance with IFRS, but are excluded from the Group's underlying net profit of CHF 70.2 million discussed in this section.

- **Amortisation of customer relationships of CHF 5.8 million.** According to IFRS, we are required to amortise the customer relationships from the 2005 purchase of GAM over their estimated useful life. These charges, however, do not represent cash outflows and are not relevant in assessing the value created by our operating businesses. The remaining balance of customer relationships as at 30 June 2012 was CHF 17.5 million and will continue to be amortised on a linear basis throughout 2013.

- **Impairment of investments of CHF 22.5 million.** This non-cash charge reflects a reduction in the carrying value of our participation in Artio, a minority stake of 28%, which we have held as a financial investment since Artio's IPO in September

The Group's **cost/income ratio** for the first half of 2012 was 69.0%, up from 61.6% a year ago. The reduction in operating expenses was not sufficient to offset the decline in revenues and the absence of a meaningful contribution from Artio. Although we remain vigilant on costs, we aim to preserve our ability to capture the upside potential from a recovery in investor activity.

For the first six months of 2012, the Group incurred a **tax expense** of CHF 16.9 million, reflecting an effective tax rate of 19.4% (19.5% for the first half of 2011). Our tax rate for the remainder of the year will depend to a great extent on the development of our share price, with a rising share price increasing the level of tax deductions for cumulative share-based payment expenses.

The Group's **underlying net profit** for the first half of 2012 fell 30% year-on-year to CHF 70.2 million. **Earnings per share** for the first half of 2012 amounted to CHF 0.40, down from CHF 0.54 in the previous year as the 7% decline in the weighted average number of shares outstanding – a result of our share buy-back programme – counteracted the decrease in underlying net profit. The Group's annualised **return on tangible equity** was 22.5% (compared to 24.4% for the first half of 2011), reflecting lower profitability. This was partly offset by a reduction in tangible equity.

## GROUP BALANCE SHEET

**Total assets** for the Group as at 30 June 2012 were CHF 2,279.1 million, including CHF 1,367.4 million relating to the GAM goodwill, customer relationships and brand.

Our **cash position** at the end of June 2012 amounted to CHF 445.7 million after the dividend payment of CHF 87.8 million for the 2011 financial year and the utilisation of CHF 66.9 million of cash to repurchase our own shares as part of our ongoing buy-back programme. Accrued expenses and deferred income (reported under **other liabilities**) fell by 20% compared to year-end 2011, in line with the regular cycle of our operating businesses and following bonus payments for the 2011 financial year.

The level of **financial investments** rose by 16% to CHF 137.5 million, reflecting seed capital investments made in the funds of our operating businesses during the first half of the year. The carrying value of our participation in Artio, reported as **investment in associates**, was reduced to CHF 55.5 million as at 30 June 2012, based on the outcome of an impairment test performed according to IFRS[3]. The related non-cash charge of CHF 22.5 million is reflected in the Group's Condensed Consolidated Income Statement for the first half of 2012.

2009. The charge resulted from an impairment test performed according to IFRS[3] and is unrelated to the underlying performance of our operating businesses.

- **One-off charges of CHF 6.0 million (CHF 7.8 million pre-tax) following curtailment of existing defined benefit pension plans.** GAM made changes to the defined benefit schemes it operates for its UK and Hong Kong employees, which became effective in the first half of 2012. We anticipate that these changes will have a beneficial impact on the Group's balance sheet and income statement in future periods, as they reduce the future financial risk and volatility of the schemes. The related adjustments in the actuarial valuations of past accrued benefits in the UK plan resulted in a one-time accounting charge for the Group of CHF 8.3 million before taxes. In Hong Kong, the retirement scheme was completely wound up and all the benefits under the scheme were transferred to the state-run Mandatory Provident Fund, which is a defined contribution plan. This led to a one-time pre-tax gain of CHF 0.5 million. The total pre-tax charge of CHF 7.8 million for the two changes (recorded as a personnel expense in the Condensed Consolidated Income Statement according to IFRS) is also excluded from the discussion of GAM's pre-tax results.

[3] Please refer to Note 5 of the Condensed Interim Consolidated Financial Statements for details on the adjustment of the carrying value in the investment in associates (Artio Global Investors Inc.).

## CONSOLIDATED BALANCE SHEET

| | 30.06.2012 CHF M | 31.12.2011 CHF M | 30.06.2011 CHF M | CHANGE FROM 31.12.2011 IN % |
|---|---|---|---|---|
| Cash and cash equivalents | 445.7 | 600.1 | 644.3 | -26 |
| Financial investments | 137.5 | 118.6 | 111.0 | 16 |
| Investment in associates | 55.5 | 76.5 | 194.3 | -27 |
| Other assets | 273.0 | 257.3 | 247.2 | 6 |
| Goodwill, customer relationships and brand | 1,367.4 | 1,373.2 | 1,379.0 | -0 |
| **Assets** | **2,279.1** | **2,425.7** | **2,575.8** | **-6** |
| | | | | |
| Debt | - | - | 63.0 | - |
| Other liabilities | 288.9 | 326.2 | 312.2 | -11 |
| **Liabilities** | **288.9** | **326.2** | **375.2** | **-11** |
| | | | | |
| Share capital | 9.2 | 9.8 | 10.3 | -6 |
| Treasury shares | -161.1 | -264.7 | -360.6 | 39 |
| Other equity components | 2,142.1 | 2,354.4 | 2,550.9 | -9 |
| **Equity** | **1,990.2** | **2,099.5** | **2,200.6** | **-5** |
| | | | | |
| **Liabilities and equity** | **2,279.1** | **2,425.7** | **2,575.8** | **-6** |
| | | | | |
| Tangible equity[1] | 622.8 | 726.3 | 821.6 | -14 |

[1] Equity excluding goodwill, customer relationships and brand.

## CAPITAL MANAGEMENT

Our capital management strategy is based on a firm commitment to deploying our capital in a disciplined way so as to maximise shareholder value in the long term whilst retaining our balance sheet strength. Capital exceeding regulatory requirements and not required for the growth of our businesses – organic or through acquisitions – will be returned to our shareholders, either through dividends or the repurchase of our publicly listed shares.

Total equity as at 30 June 2012 amounted to CHF 1,990.2 million. Excluding the GAM goodwill, customer relationships and brand, our **tangible equity** stood at CHF 622.8 million, compared to CHF 726.3 million as at 31 December 2011. This decrease was driven by the dividend payment for the 2011 financial year and our share buy-back activity, offset by the net profit for the period as reported in accordance with IFRS.

### RECENT CORPORATE ACTIONS

After receiving shareholder approval at the Annual General Meeting (AGM) on 18 April 2012, we paid an annual dividend for the 2011 financial year of CHF 0.50 per share, unchanged from the previous year, resulting in a total payment to shareholders of CHF 87.8 million. This represented slightly more than half of the underlying net profit achieved by the Group in 2011 and was in line with stated dividend policy. The distribution was made from contributed capital reserves and was exempt from Swiss withholding tax of 35%, and also from income tax for private investors who are resident in Switzerland and hold the shares as part of their private assets.

At the same AGM, our shareholders approved the cancellation of a total of 12,945,000 shares repurchased under the current buy-back programme during 2011. These shares were cancelled on 27 June 2012.

### TREASURY SHARES

IFRS requires a company that holds its own shares for trading or non-trading purposes to record those shares as treasury shares and deduct them from shareholders' equity.

Our holding of own shares decreased to 12.2 million – or 6.7% of shares in issue – on 30 June 2012, compared to 19.2 million, or 9.8%, on 31 December 2011. This was due to the cancellation of shares bought back under our current share buy-back programme.

As at 30 June 2012, 6.3 million shares were held as an economic hedge in respect of our potential exposure to options granted to employees under the 2009 long-term incentive plan. Unlike the shares repurchased under the buy-back programme, it is not currently envisaged that these shares will be cancelled. In addition to these treasury shares, the hedge also consists of a total return swap over 2.7 million of own shares. In total, the hedge equates to 4.9% of shares issued.

### CURRENT SHARE BUY-BACK PROGRAMME 2011 – 2014

The current buy-back programme, approved at the April 2011 AGM, authorises the repurchase of up to 41.3 million shares for subsequent cancellation and is scheduled to run for a maximum period of three years. Whilst its introduction creates additional flexibility in the management of the Group's capital, the Board of Directors reconfirmed both its commitment to maintaining a strong balance sheet and its ambitions to expand the Group through organic growth or via targeted acquisitions should compelling opportunities arise. We initiated share buy-backs under this programme over a second trading line at the SIX Swiss Exchange on 9 May 2011, and shares bought back over the course of 2011 were cancelled following shareholders' approval. (See 'Recent corporate actions' on page 12.)

In addition to the 12.9 million shares repurchased in 2011 and subsequently cancelled in June 2012, in the first half of 2012 we repurchased 5.9 million shares at an average price of CHF 11.25, representing a total value of CHF 66.9 million. Shareholders will be asked at the next AGM to approve the cancellation of these shares, together with shares we will buy back over the course of the second half of 2012. As stated in March 2011, buy-backs are largely funded from capital contribution reserves, making the programme more attractive to both institutional and private shareholders than traditional repurchase schemes.

## TREASURY SHARES

| | 30.06.2012 | 31.12.2011 |
|---|---|---|
| **Shares issued** | **183,355,000** | **196,300,000** |
| Treasury shares held as a hedge for employee options[1] | -6,290,617 | -6,290,910 |
| Treasury shares bought back for cancellation (2011–2014 programme) | -5,945,000 | -12,945,000 |
| **Shares outstanding** | **171,119,383** | **177,064,090** |

[1] In addition, the hedge also consists of a total return swap over 2.7 million of own shares and in total equates to 4.9% of shares issued.

# OPERATING BUSINESSES : GAM

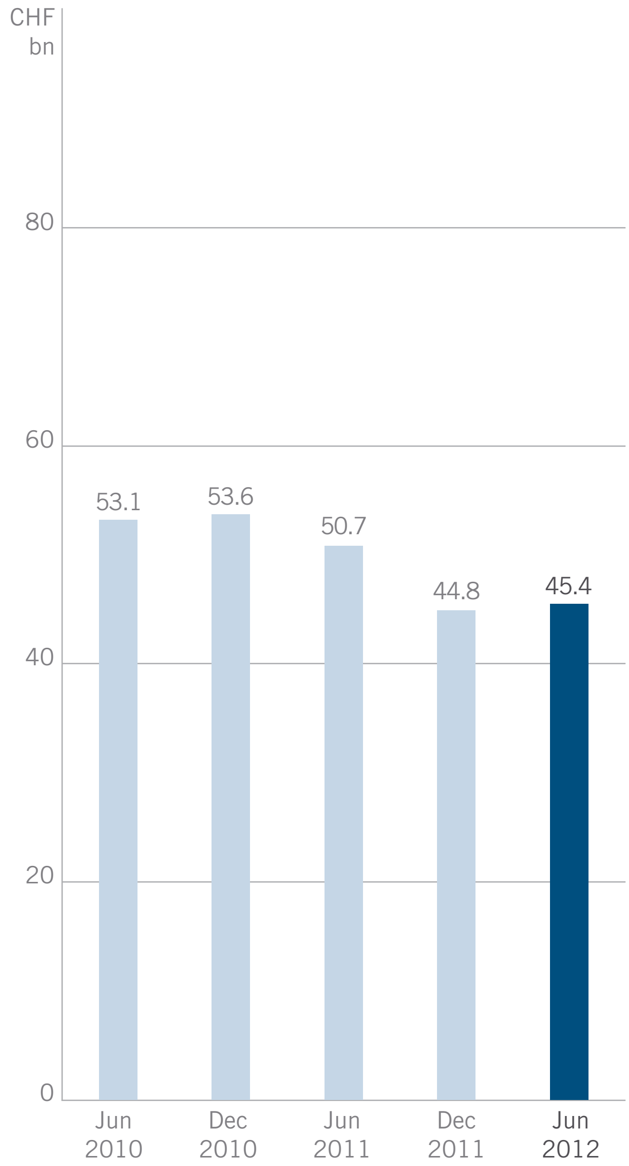
## RESULTS H1 2012

- Rise in **assets under management,** primarily driven by positive market performance
- Significant slowdown of **net new money** outflows (CHF 1.0 billion) from the second half of 2011, with the second quarter of 2012 representing a further improvement from the first quarter of the year
- Promising institutional pipeline for H2 2012, although achievement of targeted medium-term net new money growth rate of 6–10% delayed by ongoing heightened uncertainty amongst clients
- **Pre-tax profit** down 20% year-on-year to CHF 51.6 million, reflecting a decline in net fee and commission income, which outpaced cost reductions
- **Gross margin** of 79.0 basis points, consistent with the recovery in performance fees and within GAM's expected medium-term run rate of 73–80 basis points
- **Cost/income ratio** of 71.3%, above the 60–65% range targeted over the medium term
- Long-term **performance track record** maintained, with 80% of assets under management in strategies outperforming their benchmarks over three years

## GAM AT A GLANCE

- Absolute return, directional equity and fixed income strategies, managed in a multi-boutique environment designed to foster independent thinking and attract proven investment talent
- Unrivalled hedge fund portfolio construction and advisory capabilities
- Discretionary and advisory portfolios across all liquid asset classes

## GAM : TOTAL AUM : CHF 45.4 BN




AS AT 30 JUNE 2012

# OPERATING BUSINESSES : SWISS & GLOBAL ASSET MANAGEMENT

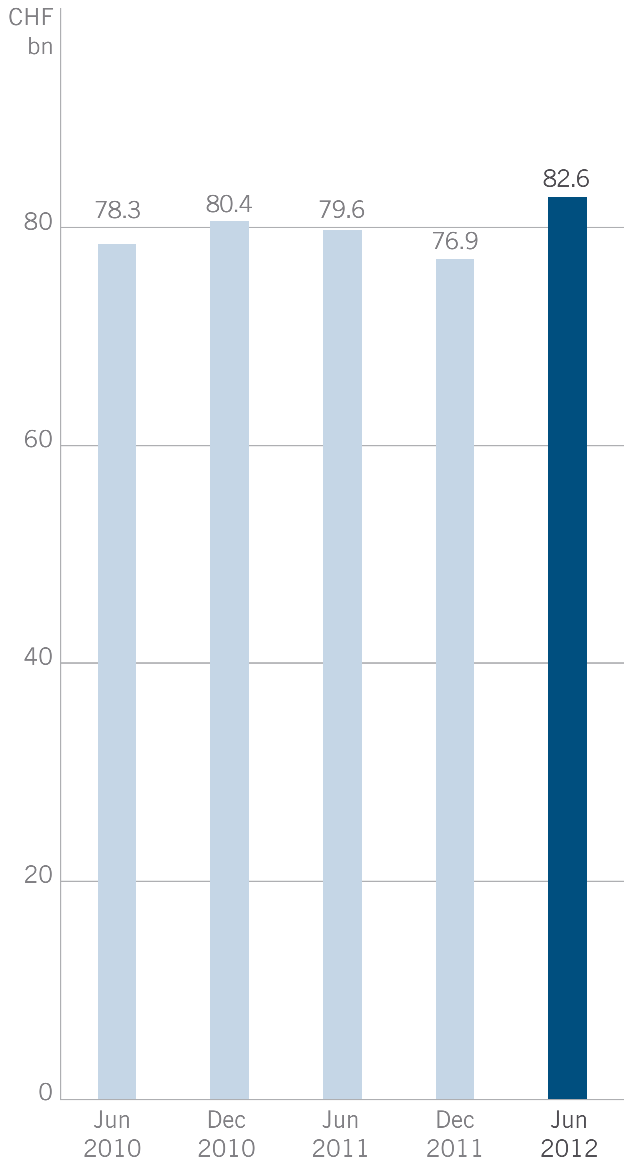
## RESULTS H1 2012

- **Assets under management** increased on the back of robust net new money inflows as well as positive market performance
- Recovery of **net new money** flows to CHF 3.5 billion, with strong inflows into fixed income products managed by GAM and into private label funds business, as well as smaller inflows into physical metal and equity funds
- Annualised net new money growth of 9%, in line with medium-term target of 8–12% of assets under management
- Decline in **pre-tax profit** of 19% to CHF 44.5 million, mainly driven by lower net fee and commission income
- **Gross margin** of 25.3 basis points, below expected medium-term run rate of 26–29 basis points, reflecting faster growth of private label fund assets and relatively modest client interest in higher-margin equity products
- **Cost/income ratio** of 56.2%, within medium-term target range of 53–58%
- **Performance track record** of funds and mandates solid, with 76% of assets under management in products outperforming their benchmarks over three years

## SWISS & GLOBAL ASSET MANAGEMENT AT A GLANCE

- Exclusive manager of Julius Baer-branded funds, with an exceptional European wholesale distribution network
- Theme-based and specialty funds: equity, fixed income, commodities and absolute return strategies
- Institutional and private label fund businesses

## SWISS & GLOBAL ASSET MANAGEMENT : TOTAL AUM : CHF 82.6 BN




AS AT 30 JUNE 2012

# GAM

## BUSINESS UPDATE

### ARKOS CAPITAL SA – ACQUISITION COMPLETED IN JULY

On 31 July 2012, GAM completed the acquisition of 74.95% of the issued share capital of Arkos Capital SA (Arkos), an investment boutique based in Lugano, Switzerland, and closed agreements with the management of Arkos for the future purchase of the remaining 25.05%. The transaction, announced on 28 February 2012, was approved by the Swiss Financial Market Supervisory Authority (FINMA).

As at 30 June 2012, Arkos had assets under management of CHF 729 million (compared to CHF 664 million as at 31 December 2011). Its range of strongly performing, low-volatility absolute return funds – offshore and UCITS – will substantially enhance and expand our in-house single manager offering. Since the announcement of the acquisition, we have already started to introduce Arkos's investment managers and their strategies to our clients around the globe and have received positive feedback.

It is anticipated that by year-end all of Arkos's funds will be distributed under the GAM brand and soon after we expect the onshore strategies to be registered for sale in all our key markets in Europe and Asia. The management of all of Arkos's investment strategies will remain unchanged: its investment teams will be fully retained and will continue to operate from the company's current base in Lugano. No significant integration costs are anticipated, making the acquisition accretive for GAM from day one.

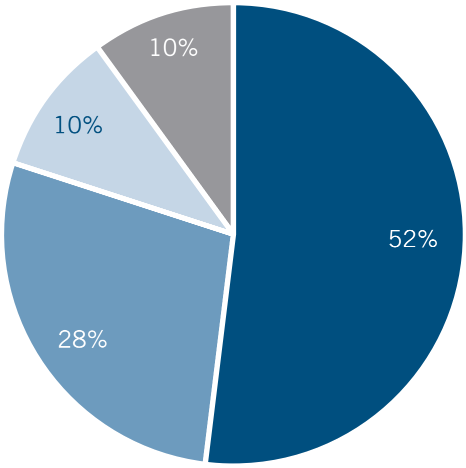
### BROADENING OF IN-HOUSE SINGLE MANAGER FUND RANGE

Single manager strategies are becoming the preferred means of accessing alternative investments for both institutional and private clients, with certain markets having a strong preference for products available in UCITS form. To expand our existing capabilities, we continue to seek new investment talent – be it through bolt-on acquisitions of firms with a strong track record like Arkos, the hiring of new teams or collaboration with external managers.

A successful example of this kind of collaboration is our catastrophe bond strategy, which is managed by Fermat Capital Management LLC (Fermat), one of the leading names in the insurance-linked securities (ILS) market. Fermat has been running an offshore product for GAM since 2004, and in late 2011 we launched a UCITS-compliant version of the strategy to enable investors to access securitised insurance risk through a regulated vehicle. Demand for the product has been very strong from institutions and wholesale clients thanks to the strategy's compelling investment features and investor demand for yield. In the eight months following its launch, the product grew to be one of the largest UCITS funds available in the ILS space. Increasing demand from investors and limited supply in the catastrophe bond market over the summer months led us to introduce temporary restrictions on new subscriptions at the end of June. However, we expect to lift these restrictions in the fourth quarter of 2012 once we are confident that market conditions can adequately support a higher volume of inflows and that client assets can be appropriately invested.

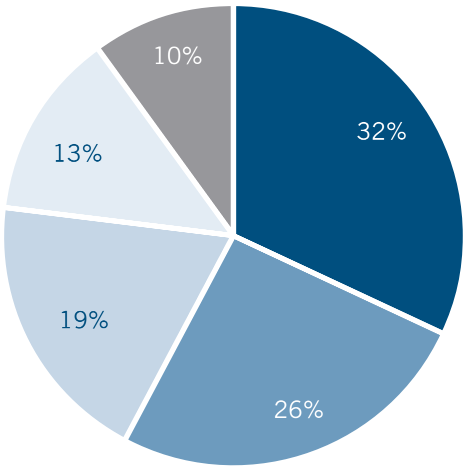
During the first six months of 2012, we also added two new funds to our range of internally managed products. We introduced a directional emerging markets equity strategy run by a new team hired in late 2011. The strategy aims to profit from the inherent growth potential in global emerging market economies and the mispricing that frequently occurs in these markets as they mature. Based on our expertise in assessing hedge fund strategies, we also launched a new product that makes active, discretionary allocations across 20–30 investable indices of Barclays Capital. The fund invests across different asset classes to reflect changing market dynamics and aims to deliver consistent, non-correlated returns in any market environment. As a UCITS fund, it offers investors the advantages of daily liquidity, high transparency and a lower total expense ratio than that typically associated with the traditional funds of hedge funds approach.

## GAM AUM BY CLIENT : AS AT 30 JUNE 2012




| | 30.06.2012 | 31.12.2011 | 30.06.2011 |
|---|---|---|---|
| Wholesale fund distribution | 52% | 51% | 54% |
| Institutional clients | 28% | 27% | 24% |
| Private clients | 10% | 11% | 11% |
| Discretionary & advisory portfolios | 10% | 11% | 11% |

## GAM AUM BY PRODUCT : AS AT 30 JUNE 2012




| | 30.06.2012 | 31.12.2011 | 30.06.2011 |
|---|---|---|---|
| Absolute return single manager | 32% | 28% | 29% |
| Fixed income | 26% | 25% | 23% |
| Equity | 19% | 21% | 23% |
| Multi-manager | 13% | 15% | 14% |
| Discretionary & advisory portfolios | 10% | 11% | 11% |

## GAM : KEY FIGURES[1]

| | H1 2012 CHF M | H1 2011 CHF M | H2 2011 CHF M | CHANGE FROM H1 2011 IN % | CHANGE FROM H2 2011 IN % |
|---|---|---|---|---|---|
| Net fee and commission income | 144.4 | 173.7 | 150.9 | -17 | -4 |
| Performance fees | 29.1 | 14.4 | 3.7 | 102 | 686 |
| Other operating income | 6.1 | 7.8 | 8.8 | -22 | -31 |
| **Operating income** | **179.6** | **195.9** | **163.4** | **-8** | **10** |
| | | | | | |
| Personnel expenses | 100.1 | 104.2 | 91.6 | -4 | 9 |
| General expenses | 25.4 | 24.1 | 23.3 | 5 | 9 |
| Depreciation and amortisation | 2.5 | 2.9 | 2.6 | -14 | -4 |
| **Operating expenses** | **128.0** | **131.2** | **117.5** | **-2** | **9** |
| | | | | | |
| **Profit before taxes** | **51.6** | **64.7** | **45.9** | **-20** | **12** |
| | | | | | |
| **Assets under management at the end of the period (CHF bn)[2]** | **45.4** | **50.7** | **44.8** | **-10** | **1** |
| *Change through net new money* | *-1.0* | *0.4* | *-5.3* | *-350* | *81* |
| *Change through market appreciation and currency movements* | *1.6* | *-3.3* | *-0.6* | *148* | *367* |
| | | | | | |
| Average assets under management (CHF bn) | 45.5 | 53.2 | 46.6 | -14 | -2 |
| Gross margin (basis points)[3] | 79.0 | 73.6 | 70.1 | - | - |
| Cost/income ratio | 71.3% | 67.0% | 71.9% | - | - |
| Pre-tax margin (basis points)[3] | 22.7 | 24.3 | 19.7 | - | - |
| | | | | | |
| **Number of full-time employees at the end of the period** | **764** | **762** | **766** | **0** | **-0** |

1 Excludes the amortisation of customer relationships of CHF 5.8 million and defined benefit pension plan curtailment expenses of CHF 7.8 million for H1 2012. Please refer to Note 6 of the Condensed Interim Consolidated Financial Statements for a full breakdown of segmental reporting.
2 Included in GAM's assets under management, on a single-count basis, are assets sourced from **UBS** of **CHF 3.3 billion** (31 December 2011: CHF 3.7 billion) and from **Julius Baer** of **CHF 1.3 billion** (31 December 2011: CHF 1.4 billion).
3 Annualised.

### EXPANSION OF INSTITUTIONAL FIXED INCOME FRANCHISE

Institutions increasingly recognise the need for and value of an actively managed portfolio of fixed income instruments, including absolute return strategies. As a result, the promotion of our capabilities in this area – stemming from our successful acquisition of the former Augustus Asset Managers Ltd – remains a key area of focus for GAM. In response to growing demand and building on the success of our absolute return fixed income strategy (particularly in the European wholesale market, where it is sold by Swiss & Global Asset Management under the Julius Baer brand), we introduced additional dedicated solutions and products for institutions within this strategy suite. These products, which launched in the second quarter of 2012, have already attracted strong interest from institutional investors and their pension consultants in the UK and Australia. We also see evidence of growing recognition for absolute return fixed income strategies from their counterparts in the US market, especially as a number of them are re-assessing their allocations to traditional directional fixed income given the limited yields available in this sector.

Our emerging market and global rates macro strategies, both of which have delivered notable performance, remain a successful part of our institutional offering in the fixed income space, and we are also seeing increasing interest in the dynamic global bond fund introduced last year.

### DISCRETIONARY FUND MANAGEMENT SERVICE FOR UK MARKET

During the first half of 2012, we continued to develop our discretionary fund management (DFM) service for financial advisers in the UK. The initiative, launched in 2011, complements GAM's long-standing experience in managing discretionary portfolios for private clients and private banks. It is specifically designed to meet advisers' need for high-quality investment outsourcing – a growing requirement given the forthcoming introduction of the Retail Distribution Review (RDR) in the UK.

Our five diversified, risk-rated model portfolios were finalised in the first quarter of 2012 and are accessible through investment platforms, GAM unitised funds or GAM segregated accounts. Depending on the size of client assets and the required service levels, GAM also offers fully bespoke discretionary portfolios for advisers seeking tailored solutions. The investment approach common to all these offerings is based on dynamic, active allocations across asset classes and diligent manager selection encompassing both in-house and third-party products. Each portfolio is managed to meet a defined risk profile and the suite of products therefore caters to a range of client objectives from capital preservation to capital growth. As part of our service, we provide transparent, tailored reporting and educational knowledge sharing, effectively supporting advisers in serving their clients. Feedback to date has been positive, resulting in strong interest and a number of promising opportunities. However, building a meaningful franchise in this market will require a multi-year effort.

## PERFORMANCE H1 2012

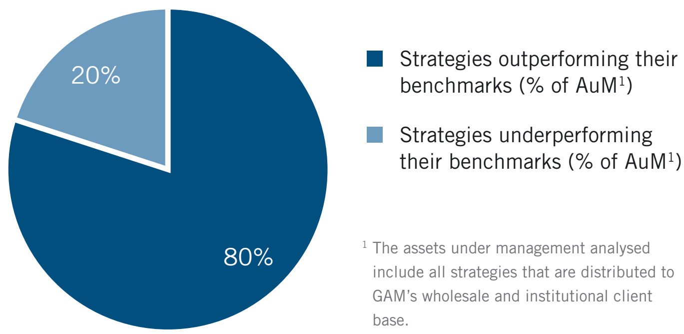
### ASSETS UNDER MANAGEMENT AND NET NEW MONEY

GAM's **assets under management** were CHF 45.4 billion as at 30 June 2012, up from CHF 44.8 billion at year-end 2011, driven mainly by positive market performance of CHF 1.3 billion. The effect of foreign exchange movements was slightly positive (CHF 0.3 billion).

For the first six months of 2012, GAM reported **net new money** outflows of CHF 1.0 billion, compared to net inflows of CHF 0.4 billion in the first half of 2011. Redemptions from private clients were partly offset by net inflows from both institutional and wholesale investors. Client activity in these sectors significantly improved from the second half of 2011, when we recorded net outflows of CHF 5.3 billion.

GAM's fixed income and absolute return range of strategies continued to experience encouraging net new money inflows during the first half of the year. In particular, our global absolute return fixed income, emerging markets macro, directional emerging market bond and catastrophe bond strategies all attracted significant interest. The expertise of our multi-manager team in managing customised portfolios and acting as an adviser to institutions resulted in net new business wins in the first half of the year and generated further opportunities that we expect to be funded in the second half. These served to partly offset the effects of the industry-wide trend towards single manager strategy allocations amongst wholesale clients, but were counteracted by outflows elsewhere. An extended period of disappointing performance from our externally advised long-only US equity strategy led to an increase of outflows from that fund. Generally, equities remain an asset class for which client demand is soft. Redemptions were also experienced in lower-margin, long-only

## GAM : PERFORMANCE OF STRATEGIES AGAINST BENCHMARKS OVER 3 YEARS




[1] The assets under management analysed include all strategies that are distributed to GAM's wholesale and institutional client base.

AS AT 30 JUNE 2012

fixed income mandates, despite their strong relative performance, as some institutions meaningfully reduced allocations due to the extremely low yields available in the current environment. Over the medium term, we expect this to translate into increased allocations to low-volatility, alternative strategies from institutional investors, which will be beneficial for GAM.

The trend seen in our historic private banking partners to transfer their managed portfolio solutions in-house continued to affect multi-manager assets, although redemptions from these channels almost halved compared to the first half of 2011. We expect this shift towards in-house management to have a decreasing effect on our net new money results over time as we continue to diversify our business across a range of other client segments and as the absolute level of assets sourced from our historic private banking channels declines.

For the second half of 2012, our institutional pipeline is solid. Investor sentiment, however, generally remains fragile, and our future ability to grow net new money inflows in line with our target rate of 6–10% will depend on a return to more normalised levels of client activity.

## FINANCIAL RESULTS

GAM's **operating income** in the first half of 2012 was CHF 179.6 million, 8% lower than during the same period in 2011. Average assets under management declined year-on-year due to negative market movements and the absence of net new money growth. Combined with the changes in our asset mix and the resulting impact on our blended gross margin, this led to net fee and commission income decreasing by 17% to CHF 144.4 million. Performance fees more than doubled from the first half of 2011, reaching CHF 29.1 million, mainly driven by our absolute return fixed income products, for which performance fees are booked once a year at the end of June.

Recovering performance fees led to the **gross margin** increasing by 5.4 basis points to 79.0 basis points, a level which is in line with our anticipated medium-term run rate of 73–80 basis points. Excluding performance fees, the gross margin for the first half of 2012 was 66.2 basis points, down from 68.2 basis points a year earlier, resulting from the growing diversification of GAM's business mix as well as an increase in the proportion of assets distributed by Swiss & Global Asset Management.

**Operating expenses** fell by 2% to CHF 128.0 million. Personnel expenses declined by 4% from the first half of 2011, as the accounting charges from the employee options granted under the 2009 long-term incentive plan declined in line with the vesting schedule of the awards. Salaries remained flat and accruals for discretionary bonuses were reduced, while contractual-based compensation to our investment professionals rose in line with higher performance fees. General expenses in the first half of 2012 rose by CHF 1.3 million to CHF 25.4 million, reflecting the release of provisions in the previous year. Excluding this effect, costs fell year-on-year as a result of ongoing cost discipline.

GAM's **pre-tax profit** declined 20% year-on-year to CHF 51.6 million. The **cost/income ratio** for the first half of 2012 was 71.3%, compared to 67.0% in the same period of 2011. This is above the range of 60–65% that we seek to achieve over the medium term through asset growth and leverage of our scalable infrastructure.

# SWISS & GLOBAL ASSET MANAGEMENT

## BUSINESS UPDATE

### INTRODUCTION OF ACTIVELY MANAGED EQUITY ETFS

A broad product range and continuous innovation are key to our business model, which is founded on active asset management. In June 2012, we listed four new actively managed equity exchange traded funds (ETFs) on the German stock exchange. In launching these products, we were among the first providers to give investors access to actively managed equity portfolios in an ETF format, closing a gap in the European fund market.

The suite of funds – distributed under the Julius Baer brand – covers global, emerging market, European and Asian equities. Each fund aims to outperform its benchmark by combining two proprietary systematic strategies in one portfolio to effectively exploit price trends and valuation anomalies. Each position is subject to a qualitative check before implementation. Capitalising on our proven 20-year track record in systematic stock-picking, the new funds combine this expertise with the advantages of exchange traded products – transparency, cost efficiency and liquidity. At the same time, their active investment strategy eliminates some of the obvious weaknesses of purely passive index replication.

### CAPTURING DEMAND FOR PRIVATE LABEL SOLUTIONS

As the regulatory environment becomes more complex, with stricter and more extensive requirements for new investment products, the market for private label solutions offers attractive long-term growth opportunities. As a specialised provider with the necessary know-how and scale, we enable asset managers, pension funds and other institutions to outsource most fund management company functions as well as administrative tasks to us.

In 2012 our private label funds business resumed its pattern of strong growth after a slowdown in the previous year when market conditions prompted many of our partners to postpone the launch of new funds. Despite the comparatively low margins, the business offers high operating leverage and makes a meaningful contribution to overall profitability. During the first six months of 2012, we took over the servicing of a number of funds on behalf of a new partner, the Royal Bank of Canada (Suisse) S.A. In addition, we continued to expand our business with existing clients.

### SUCCESSFUL MARKETING AND CONTINUED GROWTH OF FIXED INCOME RANGE

Swiss & Global Asset Management continued to achieve external recognition and impressive sales of the Julius Baer-branded fixed income funds, with the absolute return funds managed by GAM leading results for the first half of 2012. Their consistently solid performance track record and investors' need for sources of stable, low-volatility returns make the range highly relevant in today's uncertain environment. Given the low yields available from traditional, high-grade bond investments, the ongoing development and active marketing of our full fixed income suite, which also includes total return, credit, emerging market and inflation-linked strategies, remains a key priority. We expect interest from clients to remain high in this area.

### EXPANSION OF DISTRIBUTION NETWORK

We have registered several of our fixed income funds for distribution in Portugal, helping us to strengthen our presence in the Iberian region. Clients in the Portuguese market will be served from our Madrid office, which opened in October 2010.

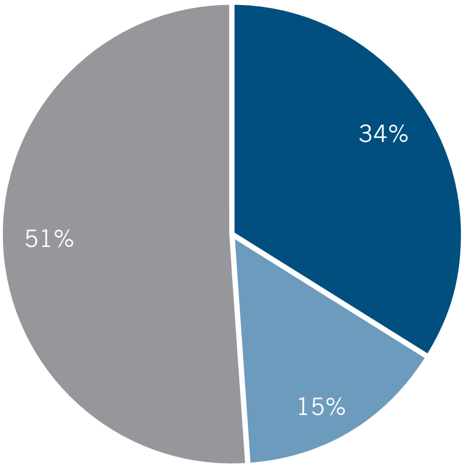
## PERFORMANCE H1 2012

### ASSETS UNDER MANAGEMENT AND NET NEW MONEY

**Assets under management** at Swiss & Global Asset Management reached CHF 82.6 billion as at 30 June 2012 and were 7% higher than at year-end 2011. The increase was driven by robust net new money inflows, aided by the positive effects of market performance (CHF 2.2 billion). The impact of foreign exchange movements was neutral.

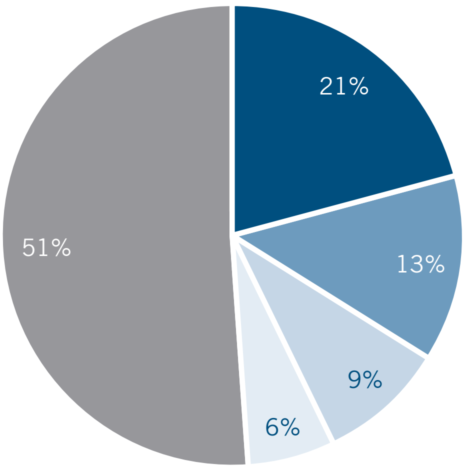
**Net new money** inflows for the first six months of 2012 were CHF 3.5 billion, up from the CHF 1.3 billion recorded in the first half of 2011 and a significant rebound from the outflows of CHF 0.9 billion experienced in the second half of 2011. Relative to the asset base at year-end 2011, this corresponds to an annualised growth rate of 9%, in line with our mid-term net new money target growth rate of 8–12% of assets under management.

## SWISS & GLOBAL ASSET MANAGEMENT AUM BY CLIENT : AS AT 30 JUNE 2012




| | 30.06.2012 | 31.12.2011 | 30.06.2011 |
|---|---|---|---|
| Wholesale fund distribution | 34% | 34% | 36% |
| Institutional clients | 15% | 15% | 14% |
| Private label funds | 51% | 51% | 50% |

## SWISS & GLOBAL ASSET MANAGEMENT AUM BY PRODUCT : AS AT 30 JUNE 2012




| | 30.06.2012 | 31.12.2011 | 30.06.2011 |
|---|---|---|---|
| Fixed income | 21% | 22% | 23% |
| Absolute return single manager | 13% | 12% | 12% |
| Commodities | 9% | 9% | 8% |
| Equity | 6% | 6% | 7% |
| Private label funds | 51% | 51% | 50% |

The strongest net inflows were recorded by our private label funds business as a result of its renewed growth in 2012. Client interest in our Julius Baer-branded funds also improved from the first half of 2011. Net new money inflows into the fixed income products managed by GAM were particularly strong and our range of physical precious metal products continued to grow, with inflows mainly into the gold fund. Despite widespread risk aversion, we also recorded modest net inflows into our equity funds, fuelled by demand for our European market-neutral absolute return strategy, a US-focused product and our flagship luxury brand strategy. In the institutional segment, the closure of lower-margin mandates in Switzerland was largely offset by business wins in Germany.

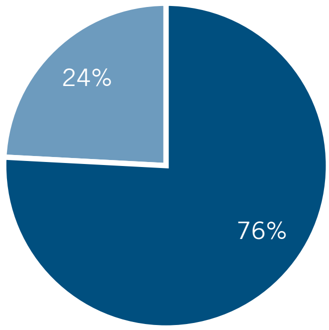
## FINANCIAL RESULTS

**Operating income** during the first half of 2012 fell 11% from the same period in 2011 to CHF 101.7 million. Net fee and commission income declined by 9% to CHF 100.6 million as the average asset base was slightly down from a year ago and included a higher proportion of private label fund assets, impacting Swiss & Global Asset Management's blended gross margin. Performance fees, mostly generated from institutional funds and mandates, decreased to CHF 0.3 million from CHF 1.2 million in the first half of 2011.

Swiss & Global Asset Management's **gross margin** was 25.3 basis points for the first six months of 2012, below our expected medium-term run-rate of 26–29 basis points. This also represents a decline from the 28.0 basis points reported for the first half of 2011, driven mainly by the proportionate growth of the lower-margin private label funds business and subdued interest in our higher-margin equity product range.

**Operating expenses** declined 3% from the first half of 2011 to CHF 57.2 million. Personnel expenses were down 9%, reflecting a reduction in the accounting impact from the options granted to employees under the 2009 long-term incentive plan, in line with the vesting schedule of the awards. General expenses rose CHF 0.8 million, driven by irrecoverable VAT expenses related to prior periods, but were partly offset by savings in marketing. Depreciation and amortisation rose by CHF 0.7 million as a result of the move to our new Zurich headquarters in late 2011.

## SWISS & GLOBAL ASSET MANAGEMENT : PERFORMANCE OF PRODUCTS AGAINST BENCHMARKS OVER 3 YEARS




[1] The assets under management analysed exclude externally managed private label funds.

## AS AT 30 JUNE 2012

**Pre-tax profit** at Swiss & Global Asset Management declined by 19% to CHF 44.5 million. The **cost/income ratio** for the first six months of 2012 was 56.2%, up from the all-time low of 51.7% reported for the equivalent period of 2011, but still within our medium-term target range of 53–58%.

## SWISS & GLOBAL ASSET MANAGEMENT : KEY FIGURES[1]

| | H1 2012 CHF M | H1 2011 CHF M | H2 2011 CHF M | CHANGE FROM H1 2011 IN % | CHANGE FROM H2 2011 IN % |
|---|---|---|---|---|---|
| Net fee and commission income | 100.6 | 110.1 | 99.4 | -9 | 1 |
| Performance fees | 0.3 | 1.2 | 0.3 | -75 | 0 |
| Other operating income | 0.8 | 2.8 | 6.3 | -71 | -87 |
| **Operating income** | **101.7** | **114.1** | **106.0** | **-11** | **-4** |
| | | | | | |
| Personnel expenses | 32.5 | 35.8 | 32.2 | -9 | 1 |
| General expenses | 23.6 | 22.8 | 23.5 | 4 | 0 |
| Depreciation and amortisation | 1.1 | 0.4 | 0.9 | 175 | 22 |
| **Operating expenses** | **57.2** | **59.0** | **56.6** | **-3** | **1** |
| | | | | | |
| **Profit before taxes** | **44.5** | **55.1** | **49.4** | **-19** | **-10** |
| | | | | | |
| **Assets under management at the end of the period (CHF bn)** | **82.6** | **79.6** | **76.9** | **4** | **7** |
| *of which traditional business* | *40.3* | *39.7* | *37.7* | *2* | *7* |
| *of which private label funds* | *42.3* | *39.9* | *39.2* | *6* | *8* |
| *Change through net new money* | *3.5* | *1.3* | *-0.9* | *169* | *489* |
| *Change through market appreciation and currency movements* | *2.2* | *-2.1* | *-1.8* | *205* | *222* |
| | | | | | |
| Average assets under management (CHF bn) | 80.3 | 81.5 | 77.1 | -1 | 4 |
| Gross margin (basis points)[2] | 25.3 | 28.0 | 27.5 | - | - |
| Cost/income ratio | 56.2% | 51.7% | 53.4% | - | - |
| Pre-tax margin (basis points)[2] | 11.1 | 13.5 | 12.8 | - | - |
| | | | | | |
| **Number of full-time employees at the end of the period** | **304** | **283** | **297** | **7** | **2** |

[1] Please refer to Note 6 of the Condensed Interim Consolidated Financial Statements for a full breakdown of segmental reporting.
[2] Annualised.

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
## (UNAUDITED)



NOTES TO THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS

# CONDENSED CONSOLIDATED INCOME STATEMENT

| | H1 2012<br>CHF M | H1 2011<br>CHF M | H2 2011<br>CHF M | CHANGE FROM<br>H1 2011 IN % |
|---|---|---|---|---|
| Fee and commission income | 499.9 | 545.4 | 484.0 | -8 |
| Distribution, fee and commission expenses | -225.5 | -246.0 | -229.7 | -8 |
| **Net fee and commission income** | **274.4** | **299.4** | **254.3** | **-8** |
| Income from investment in associates | 1.8 | 12.4 | 4.7 | -85 |
| Other operating income | 4.6 | 13.1 | 14.6 | -65 |
| **Operating income** | **280.8** | **324.9** | **273.6** | **-14** |
| | | | | |
| Personnel expenses | 145.4 | 146.6 | 130.6 | -1 |
| General expenses | 52.5 | 50.3 | 50.2 | 4 |
| Depreciation and amortisation | 9.4 | 9.1 | 9.3 | 3 |
| Impairment of investments | 22.5 | 92.2 | 156.9 | -76 |
| **Operating expenses** | **229.8** | **298.2** | **347.0** | **-23** |
| | | | | |
| **Profit/(loss) before taxes** | **51.0** | **26.7** | **-73.4** | **91** |
| | | | | |
| Income taxes | 15.1 | 24.3 | 24.0 | -38 |
| **Net profit/(loss) attributable to the shareholders of the Company** | **35.9** | **2.4** | **-97.4** | **-** |
| | | | | |
| **Earnings per share** | | | | |
| Basic earnings per share | 0.21 | 0.01 | -0.54 | - |
| Diluted earnings per share | 0.21 | 0.01 | -0.54 | - |

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | H1 2012 CHF M | H1 2011 CHF M | H2 2011 CHF M | CHANGE FROM H1 2011 IN % |
|---|---|---|---|---|
| **Net profit/(loss) attributable to the shareholders of the Company** | **35.9** | **2.4** | **-97.4** | **-** |
| **Other comprehensive income, net of taxes** | | | | |
| Net gains/(losses) on financial investments available-for-sale | 2.4 | -5.4 | 1.6 | 144 |
| Net (gains)/losses reclassified to the income statement on financial investments available-for-sale | - | -2.7 | 8.5 | 100 |
| Translation differences | 3.0 | -43.6 | 34.0 | 107 |
| **Total other comprehensive income for the period** | **5.4** | **-51.7** | **44.1** | **110** |
| **Total comprehensive income for the period attributable to the shareholders of the Company** | **41.3** | **-49.3** | **-53.3** | **184** |

# CONDENSED CONSOLIDATED BALANCE SHEET

| | 30.06.2012<br>CHF M | 31.12.2011<br>CHF M | CHANGE FROM<br>31.12.2011 IN % |
|---|---|---|---|
| Cash and cash equivalents | 445.7 | 600.1 | -26 |
| Trade and other receivables | 105.2 | 107.8 | -2 |
| Accrued income and prepaid expenses | 123.0 | 105.8 | 16 |
| Financial investments | 136.8 | 118.1 | 16 |
| **Current assets** | **810.7** | **931.8** | **-13** |
| | | | |
| Financial investments and other financial assets | 2.0 | 0.8 | 150 |
| Investment in associates | 55.5 | 76.5 | -27 |
| Pension assets | 5.7 | 5.6 | 2 |
| Deferred tax assets | 11.1 | 9.1 | 22 |
| Property and equipment | 24.3 | 26.4 | -8 |
| Goodwill and other intangible assets | 1,369.8 | 1,375.5 | -0 |
| **Non-current assets** | **1,468.4** | **1,493.9** | **-2** |
| | | | |
| **Assets** | **2,279.1** | **2,425.7** | **-6** |

# CONDENSED CONSOLIDATED BALANCE SHEET *(CONTINUED)*

| | 30.06.2012 CHF M | 31.12.2011 CHF M | CHANGE FROM 31.12.2011 IN % |
|---|---|---|---|
| Trade and other payables | 25.3 | 16.9 | 50 |
| Other financial liabilities | 11.5 | 13.5 | -15 |
| Accrued expenses and deferred income | 188.4 | 235.1 | -20 |
| Tax liabilities | 40.9 | 44.9 | -9 |
| Provisions | 0.2 | 0.2 | 0 |
| **Current liabilities** | **266.3** | **310.6** | **-14** |
| | | | |
| Other financial liabilities | 3.6 | 4.0 | -10 |
| Provisions | 1.7 | 1.7 | 0 |
| Pension liabilities | 16.0 | 8.6 | 86 |
| Deferred tax liabilities | 1.3 | 1.3 | 0 |
| **Non-current liabilities** | **22.6** | **15.6** | **45** |
| | | | |
| **Liabilities** | **288.9** | **326.2** | **-11** |
| | | | |
| Share capital | 9.2 | 9.8 | -6 |
| Capital reserves | 1,910.6 | 1,998.4 | -4 |
| Retained earnings | 322.7 | 452.6 | -29 |
| Other components of equity | -91.2 | -96.6 | 6 |
| Treasury shares | -161.1 | -264.7 | 39 |
| **Equity attributable to the shareholders of the Company** | **1,990.2** | **2,099.5** | **-5** |
| | | | |
| **Liabilities and equity** | **2,279.1** | **2,425.7** | **-6** |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | | | | OTHER COMPONENTS OF EQUITY | | | |
|---|---|---|---|---|---|---|---|
| | SHARE CAPITAL CHF M | CAPITAL RESERVES CHF M | RETAINED EARNINGS CHF M | FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE, NET OF TAXES CHF M | FOREIGN CURRENCY TRANSLATION RESERVE CHF M | TREASURY SHARES CHF M | **EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY** CHF M |
| At 1 January 2011 | 10.3 | 83.7 | 2,694.9 | -4.4 | -84.6 | -248.2 | **2,451.7** |
| **Comprehensive income** | | | | | | | |
| Net profit/(loss) | - | - | 2.4 | - | - | - | **2.4** |
| **Other comprehensive income** | | | | | | | |
| Net gains/(losses) on financial investments available-for-sale | - | - | - | -5.4 | - | - | **-5.4** |
| Net (gains)/losses reclassified to the income statement on financial investments available-for-sale | - | - | - | -2.7 | - | - | **-2.7** |
| Translation differences | - | - | - | - | -43.6 | - | **-43.6** |
| **Total comprehensive income** | **-** | **-** | **2.4** | **-8.1** | **-43.6** | **-** | **-49.3** |
| Dividends paid to shareholders of the Company | - | -94.1 | | - | | - | **-94.1** |
| Share-based payment transactions | - | - | 4.8 | - | - | - | **4.8** |
| Acquisitions of own shares and derivatives on own shares | - | - | - | - | - | -112.5 | **-112.5** |
| Disposals of own shares and derivatives on own shares | - | - | -0.1 | - | - | 0.1 | **-** |
| **At 30 June 2011** | **10.3** | **-10.4** | **2,702.0** | **-12.5** | **-128.2** | **-360.6** | **2,200.6** |
| | | | | | | | |
| **Comprehensive income** | | | | | | | |
| Net profit/(loss) | - | - | -97.4 | - | - | - | **-97.4** |
| **Other comprehensive income** | | | | | | | |
| Net gains/(losses) on financial investments available-for-sale | - | - | - | 1.6 | - | - | **1.6** |
| Net (gains)/losses reclassified to the income statement on financial investments available-for-sale | - | - | - | 8.5 | - | - | **8.5** |
| Translation differences | - | - | - | - | 34.0 | - | **34.0** |
| **Total comprehensive income** | **-** | **-** | **-97.4** | **10.1** | **34.0** | **-** | **-53.3** |
| Reclassification from retained earnings to capital reserves | - | 2,008.8 | -2,008.8 | - | - | - | **-** |
| Capital reduction | -0.5 | - | -150.5 | - | - | 150.9 | **-0.1** |
| Share-based payment transactions | - | - | 7.6 | - | - | - | **7.6** |
| Acquisitions of own shares and derivatives on own shares | - | - | - | - | - | -55.3 | **-55.3** |
| Disposals of own shares and derivatives on own shares | - | - | -0.3 | - | - | 0.3 | **-** |
| **At 31 December 2011** | **9.8** | **1,998.4** | **452.6** | **-2.4** | **-94.2** | **-264.7** | **2,099.5** |
| | | | | | | | |
| **Comprehensive income** | | | | | | | |
| Net profit/(loss) | - | - | 35.9 | - | - | - | **35.9** |
| **Other comprehensive income** | | | | | | | |
| Net gains/(losses) on financial investments available-for-sale | - | - | - | 2.4 | - | - | **2.4** |
| Translation differences | - | - | - | - | 3.0 | - | **3.0** |
| **Total comprehensive income** | **-** | **-** | **35.9** | **2.4** | **3.0** | **-** | **41.3** |
| Dividends paid to shareholders of the Company | - | -87.8 | - | - | - | - | **-87.8** |
| Capital reduction | -0.6 | - | -169.9 | - | - | 170.5 | **-** |
| Share-based payment transactions | - | - | 4.1 | - | - | - | **4.1** |
| Acquisitions of own shares and derivatives on own shares | - | - | - | - | - | -66.9 | **-66.9** |
| **At 30 June 2012** | **9.2** | **1,910.6** | **322.7** | **-** | **-91.2** | **-161.1** | **1,990.2** |

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | H1 2012 CHF M | H1 2011 CHF M | H2 2011 CHF M |
|---|---|---|---|
| Cash and cash equivalents at the beginning of the period | 600.1 | 819.1 | 644.3 |
| Cash flow from operating activities | 1.0 | 48.9 | 69.7 |
| Cash flow from investing activities | -1.5 | -5.9 | -8.4 |
| Cash flow from financing activities | -154.7 | -206.7 | -118.2 |
| Effects of exchange rate changes | 0.8 | -11.1 | 12.7 |
| **Cash and cash equivalents at the end of the period** | **445.7** | **644.3** | **600.1** |

Cash flow from financing activities includes the following:

| | H1 2012 CHF M | H1 2011 CHF M | H2 2011 CHF M |
|---|---|---|---|
| Dividends paid to shareholders of the Company | -87.8 | -94.1 | - |
| Purchase of treasury shares | -66.9 | -112.6 | -55.2 |
| Repayment of debt | - | - | -63.0 |
| **Cash flow from financing activities** | **-154.7** | **-206.7** | **-118.2** |

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

GAM Holding AG (the Company) is a Swiss corporation domiciled in Zurich and listed on the SIX Swiss Exchange. The Condensed Interim Consolidated Financial Statements as at and for the six months ended 30 June 2012 comprise those of GAM Holding AG and all its subsidiaries (together referred to as the Group) and the Group's investments in associates.

## 2. BASIS OF PREPARATION

These unaudited Condensed Interim Consolidated Financial Statements were prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for full annual financial statements and should be read in conjunction with the Consolidated Financial Statements as at and for the year ended 31 December 2011, which were prepared in accordance with International Financial Reporting Standards (IFRS).

Except as otherwise indicated in these Condensed Interim Consolidated Financial Statements, all financial information is presented in millions of Swiss francs.

## 3. SIGNIFICANT ACCOUNTING POLICIES

These Condensed Interim Consolidated Financial Statements of the Group were prepared on the basis of accounting policies and valuation principles consistent with those used in the Consolidated Financial Statements of the Group as at 31 December 2011, with the exception of the following accounting pronouncement, which was adopted by the Group for the first time in 2012:

- Disclosures – Transfers of financial assets (amendment to IFRS 7)

The adoption of this accounting pronouncement had no significant impact on the Condensed Interim Consolidated Financial Statements of the Group.

## 4. SEASONALITY

Performance fees are crystallised throughout the year. As a result, performance fees in the second half of the year may vary from those generated in the first half.

## 5. NOTES TO SELECTED BALANCE SHEET AND INCOME STATEMENT ITEMS

### INVESTMENT IN ASSOCIATES

As at 30 June 2012, the Group had a 28% (31 December 2011: 29%) interest in Artio Global Investors Inc. (Artio), a company that provides investment management services to institutional and mutual fund clients and has been listed on the New York Stock Exchange since 24 September 2009 under the ticker symbol ART.

As the fair value of the Group's investment in Artio – reflected by the share price as at 30 June 2012 – declined significantly below its carrying amount, there was objective evidence of an impairment. The Group's investment in Artio was therefore tested for impairment by determining the recoverable amount (based on the higher of the value in use and the fair value less costs to sell) and comparing it to the carrying amount of the investment on the Group's balance sheet.

Consistent with the approach followed at year-end 2011, the Group used a model based on the discounted cash flow method to calculate the value in use of its investment in Artio.

The impairment test resulted in an impairment loss of CHF 22.5 million (H1 2011: CHF 92.2 million).

### CURTAILMENT TO EXISTING DEFINED BENEFIT PENSION PLANS

As at 1 April 2012 changes were made to the scheme of GAM UK. The majority of active members have chosen to become deferred members of the defined benefit section of the scheme in the UK from April 2012 onwards and accrue future benefits in the defined contribution section. The resulting effect of the curtailment was a non-cash charge of CHF 8.3 million before taxes.

Considering a further curtailment of the defined benefit pension plan of GAM Hong Kong, which resulted in a gain of CHF 0.5 million before taxes, the total expense due to curtailments amounted to CHF 7.8 million before taxes.

### TREASURY SHARES

As at 30 June 2012, the Company held 12.2 million treasury shares. This includes 5.9 million treasury shares that relate to shares purchased under the ongoing share buy-back programme. These shares will be put forward for cancellation at the next Annual General Meeting. A further 6.3 million treasury shares were held as an economic hedge for options granted under the 2009 long-term incentive plan, which are expected to be net equity settled.

In addition to these treasury shares, the hedge also consists of a total return swap over 2.7 million of GAM Holding AG's shares. In total, shares that form part of an economic hedge equate to 4.90% of shares in issue (31 December 2011: 4.58%).

### TAX CHARGED OR CREDITED DIRECTLY TO EQUITY

There were no tax effects on share-based payments in the first half of the year (H1 2011: tax effects of CHF 4.0 million, which effectively reduced the impact of the share-based payment expenses included in the respective line item within equity).

### CAPITAL REDUCTION

On 27 June 2012, the Company executed the capital reduction resolved by its shareholders at the Company's Annual General Meeting on 18 April 2012 and cancelled 12,945,000 shares repurchased under its current share buy-back programme. The share capital of the Company now amounts to CHF 9,167,750 (183,355,000 registered shares at a par value of CHF 0.05 per share).

## 6. REPORTING BY SEGMENT

The Group comprises two segments – namely the active asset managers GAM and Swiss & Global Asset Management. These segments reflect the Group's organisation, management and internal reporting structure and are primarily based on the products and services provided to its clients. Group functions are responsible for the typical corporate functions, such as corporate governance, finance and control functions. Direct income and expenses are assigned to the segments based on the principle of accountability. Assets, liabilities, income and expenses that are not directly related to the segments are attributed to Group functions. Indirect costs for internal service relationships between the segments are charged at internal transfer prices, which are based on effective costs and are recorded as a cost reduction for the service provider and as a cost increase for the service beneficiary.

| | | | GAM | | | SWISS & GLOBAL ASSET MANAGEMENT | | | GROUP FUNCTIONS | | | TOTAL GROUP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | H1 2012 CHF M | H1 2011 CHF M | H2 2011 CHF M | H1 2012 CHF M | H1 2011 CHF M | H2 2011 CHF M | H1 2012 CHF M | H1 2011 CHF M | H2 2011 CHF M | H1 2012 CHF M | H1 2011 CHF M | H2 2011 CHF M |
| **Operating income** | **179.6** | **195.9** | **163.4** | **101.7** | **114.1** | **106.0** | **-0.5** | **14.9** | **4.2** | **280.8** | **324.9** | **273.6** |
| Personnel expenses | 107.9 | 104.2 | 91.6 | 32.5 | 35.8 | 32.2 | 5.0 | 6.6 | 6.8 | 145.4 | 146.6 | 130.6 |
| General expenses | 25.4 | 24.1 | 23.3 | 23.6 | 22.8 | 23.5 | 3.5 | 3.4 | 3.4 | 52.5 | 50.3 | 50.2 |
| Depreciation and amortisation | 8.3 | 8.7 | 8.4 | 1.1 | 0.4 | 0.9 | - | - | - | 9.4 | 9.1 | 9.3 |
| Impairment of investments | - | - | - | - | - | - | 22.5 | 92.2 | 156.9 | 22.5 | 92.2 | 156.9 |
| **Operating expenses** | **141.6** | **137.0** | **123.3** | **57.2** | **59.0** | **56.6** | **31.0** | **102.2** | **167.1** | **229.8** | **298.2** | **347.0** |
| **Profit/(loss) before taxes** | **38.0** | **58.9** | **40.1** | **44.5** | **55.1** | **49.4** | **-31.5** | **-87.3** | **-162.9** | **51.0** | **26.7** | **-73.4** |
| Income taxes | | | | | | | | | | 15.1 | 24.3 | 24.0 |
| **Net profit/(loss)** | | | | | | | | | | **35.9** | **2.4** | **-97.4** |
| Assets under management (CHF bn) | 45.4 | 50.7 | 44.8 | 82.6 | 79.6 | 76.9 | -16.9 [1] | -16.8 [1] | -14.7 [1] | 111.1 | 113.5 | 107.0 |

[1] Represents the double-count of funds managed by GAM and distributed by Swiss & Global Asset Management.

## 7. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors approved these Condensed Interim Consolidated Financial Statements on 13 August 2012.

### ACQUISITION OF ARKOS CAPITAL SA

On 31 July 2012, GAM Group AG (GAM), a wholly owned subsidiary of GAM Holding AG, acquired Arkos Capital SA (Arkos), a Swiss investment manager with assets under management of CHF 729 million as at 30 June 2012. Under the terms of the underlying agreements, GAM acquired 74.95% of the issued share capital in Arkos immediately. The remaining stake of 25.05%, currently held by the management of Arkos, will be acquired in the future.

Details of the consideration transferred are as follows:

| | CHF M |
|---|---|
| Cash consideration | 9.8 |
| Contingent consideration | 1.0 |
| **Fair value of consideration transferred** | **10.8** |

Information for the initial accounting is incomplete as the balance sheet of Arkos as at 31 July 2012 is not yet available. As a result, the net assets acquired and the resulting goodwill could not be finally determined.

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## CORPORATE CALENDAR

| | |
|---|---|
| 23 October 2012 | Interim management statement for Q3 2012 |
| 5 March 2013 | Full-year results 2012 |
| 17 April 2013 | Ordinary Annual General Meeting, Zurich |
| 17 April 2013 | Interim management statement for Q1 2013 |

## FURTHER INFORMATION

Our website provides further information on GAM Holding AG, including share price data, details of our share buy-back programme, media releases, historic annual reports and an events calendar.

www.gamholding.com

Detailed information on our operating businesses and their products and services can be found on:

www.gam.com
www.swissglobal-am.com

## ‘FORWARD-LOOKING STATEMENTS’

This report contains statements that constitute ‘forward-looking statements’, including statements of the future financial performance of the Company, its plans and objectives and their anticipated effect on the Company’s future business and development, as well as other projections and statements that are forward-looking or contain subjective assessments, regarding the intent, belief or current expectations of the Company. 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’, ‘predict’ and similar expressions. Such statements are made on the basis of assumptions, estimates and expectations which, although the Company believes them to be reasonable at this time, may prove to be erroneous or unfounded in the future, as forward-looking statements are subject to risks and uncertainties that could cause the actual development, results and financial position of the Company to differ materially from the information presented herein. These risks and uncertainties facing the Company, which could affect the future accuracy of these forward-looking statements include, but are not limited to, the effects of, and changes in, fiscal, monetary and tax policies; currency fluctuations; the effect of the current economic environment on the financial position or creditworthiness of the Company’s clients and counterparties; the Company’s ability to retain and attract the employees that are necessary to generate revenues and to manage its businesses effectively; possible political, legal and regulatory developments, including the effect of more stringent capital and liquidity requirements; changes in accounting standards or policies; limitations on the effectiveness of the Company’s internal risk management processes, including the occurrence of operational failures; political and social developments, including war, civil unrest or terrorist activity; the adverse resolution of litigation and other contingencies; and changes in the size, capabilities and effectiveness of the Company’s competitors. If one of these risks or uncertainties materialises or if underlying assumptions prove to be incorrect, actual outcomes may vary materially from those indicated in the forward-looking statements. Other than in accordance with the ad-hoc publicity rules of the SIX Swiss Exchange, the Company undertakes no obligation to release publicly any revisions or updates to any forward-looking statements herein to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or to reflect any change in the Company’s expectations.