

## Press Release

### GAM Holding AG: Interim management statement for the period to 30 September 2011

Zurich, 25 October 2011

- Group assets under management of CHF 106.4 billion<sup>1</sup>, 6% lower than on 30 June 2011, reflecting the steep market declines experienced in third quarter as well as net new money outflows.
- Reduction in carrying value of participation in Artio Global Investors Inc. anticipated at year-end 2011.
- Balance sheet strength retained with tangible equity of CHF 840.2 million.

The Group reported assets under management of CHF 106.4 billion<sup>1</sup> as at 30 September 2011, a decline of 6% compared to 30 June 2011. The reduction resulted from negative market movements, which were only partially offset by the positive currency effect of the weakening Swiss franc following the Swiss National Bank's intervention during the quarter.

In addition, continued market uncertainty significantly dampened investment activity across the industry. Inflows from wholesale intermediary channels in particular slowed markedly in both operating businesses. Combined with a substantial de-risking of client portfolios and the lacklustre performance recently recorded by certain strategies, this led to net outflows for the Group in third quarter.

Johannes A. de Gier, Chairman and CEO, said: "In this unsettling climate of market volatility and overriding concerns about macro economic developments and the impact of political decisions, our attention is fully focused on maintaining a strong, long-term performance track record and ensuring an effective dialogue with our clients. Across client segments, our relationships and franchise remain solid, and this will benefit our businesses once market conditions improve."

#### Q3 developments at GAM

GAM's assets under management amounted to CHF 46.3 billion at the end of September, compared with CHF 50.7 billion as at 30 June 2011. The decrease was due to negative market movements as well as net new money outflows.

Attrition from GAM's historic private banking partners slowed, but in contrast to the first half of the year, these outflows were not counteracted by inflows elsewhere. Widespread risk aversion led to a sell-off of liquid assets globally, also affecting GAM's funds. While withdrawals from wholesale channels were not concentrated in particular strategies and, on an individual level, were not significant, the overall impact was negative. In the institutional business, inflows in alternative single and multi-manager strategies partly offset divestments from long-only mandates.

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<sup>1</sup> Excludes CHF 15.7 billion from funds advised by GAM and distributed by Swiss & Global Asset Management.

GAM continued to broaden its product offering and launched three new UCITS equity funds in the quarter which aim to address upcoming investment opportunities. One fund focuses on 'quality' companies well-positioned for a low-growth environment, while the two other funds invest in equities of growing emerging market economies.

### Q3 developments at Swiss & Global Asset Management

Swiss & Global Asset Management reported assets under management of CHF 75.7 billion as at 30 September 2011, down from CHF 79.6 billion at the end of June, predominantly due to market-related movements. Year-to-date, net new money inflows for Swiss & Global Asset Management remained marginally positive, despite a negative third quarter.

Market conditions and sentiment supported demand for Swiss & Global Asset Management's physical precious metal funds which continued to see inflows. Encouragingly, net inflows were also reported in equity funds, on the back of the strong investment performance achieved by certain strategies. These positive developments, however, could not offset outflows in other areas. Fixed income funds, including the products advised by GAM, were negatively affected by the turmoil in global markets and, after having been in high demand for around 18 months, experienced some outflows during the quarter. The private label business also recorded net outflows, as the funds of Swiss & Global Asset Management's private labelling clients suffered from redemptions.

### Update on Group financial results

Despite continued cost discipline, underlying profitability declined in third quarter, and net fee and commission income and performance fees are expected to remain subdued for the remainder of 2011.

The decrease in GAM Holding AG's share price led to hedging losses and lower tax deductions related to share-based compensation during the quarter. The tax rate for the full-year could range between 22% and 24%, subject to future share price developments.

### Balance sheet and capital management

The Group's balance sheet remains strong, with tangible equity of CHF 840.2 million and a cash position of CHF 660.9 million as at 30 September 2011 (CHF 821.6 million and CHF 644.3 million at the end of June 2011).

The tangible equity position includes the retained 28% investment in Artio Global Investors Inc. As required under IFRS, the value of this investment is reviewed on a regular basis. Based on recent trading statements issued by Artio and the development of its share price the Group anticipates that a further reduction in the carrying value of the stake will be required. This would lead to a non-cash charge in fourth quarter, impacting the Group's full-year results as reported under IFRS.

Under its current share buy-back programme as at 24 October 2011, the Group repurchased 7.4 million shares (3.8% of outstanding shares) for cancellation. The Group further submitted a request to the Swiss Takeover Board to transfer up to a maximum of four million shares currently held in treasury into its buy-back programme. Subject to regulatory and shareholder approval, this move will allow the Group to cancel the shares transferred along with those repurchased via the second trading line of the SIX Swiss Exchange.

GAM Holding AG will publish its full-year 2011 results on 6 March 2012.

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### About GAM Holding AG

GAM Holding AG is an independent, well-diversified asset management group. Its operating businesses – GAM and Swiss & Global Asset Management – focus on the manufacturing and distribution of actively managed investment products and services.

GAM Holding AG is listed on the SIX Swiss Exchange and is a component of the Swiss Market Index Mid (SMIM) with the symbol "GAM". The Group has assets under management of CHF 106.4 billion (as at 30 September 2011) and employs over 1,000 staff with offices in Zurich (head office), Bermuda, Grand Cayman, Dubai, Dublin, Frankfurt, Geneva, Hong Kong, London, Luxembourg, Madrid, Milan, New York and Tokyo.