

Press Release

GAM Holding AG: Interim management statement for the period to 30 September 2013

Zurich, 22 October 2013

- **Investment management assets under management of CHF 72.1 billion**
 - **Modest net new money inflows and strong positive market performance in the third quarter largely offset by adverse foreign exchange movements**
- **Private labelling assets under management of CHF 44.5 billion**
 - **Net new money outflows and negative currency impact in the third quarter offsetting positive market performance**
- **Tangible equity up 9% from 30 June 2013, at CHF 518.4 million, reflecting robust profitability and lower share buy-backs**
- **New functional organisation in place, co-location of teams to be completed by year-end**

Total assets under management across investment management and private labelling were flat compared to 30 June 2013, at CHF 116.6 billion, as the weakening of the US dollar by almost 5% against the Group's Swiss franc reporting currency offset the significant rebound in market performance experienced in the third quarter.

Investment management

The deterioration in the US dollar exchange rate particularly affected assets in investment management, causing them to remain unchanged from 30 June 2013 at CHF 72.1 billion.

Total net new money inflows were very modest reflecting varying developments across different product segments. Outflows were mainly experienced in emerging market debt and lower-margin products – such as the physical gold ETFs and certain Swiss institutional assets – while many higher-margin areas continued to attract strong net inflows. This had a positive impact on the overall asset mix, improving annualised return on assets.

Net new money results include a sizeable allocation from a public pension fund in the US to GAM's alternative investments solutions, reflecting the Group's success in repositioning its experience in managing hedge fund portfolios to cater to institutional clients. Inflows into GAM's single manager products, particularly in the alternative spectrum, continued to be robust. After an initial recovery in the first half, client demand for the Julius Baer-branded equity funds picked up notably in the third quarter, leading to an increase in net new money inflows.

Given the significant market reaction to the 'taper discussion' with respect to the US Federal Reserve's policy of quantitative easing, the physical gold fund, emerging market and traditional fixed income products, as well as low-margin money market funds, experienced redemptions, in line with broad market trends. GAM's unconstrained/absolute return fixed income strategies, on the other hand, saw continued net inflows. Redemptions from wholesale intermediaries in Continental Europe (where these strategies are distributed under the Julius Baer brand) were more than offset by sustained and strong inflows from global institutional

clients, demonstrating the importance of the Group's broad diversification across regions and client segments. In addition, performance of the unconstrained/absolute return fixed income strategies improved by the end of the quarter and remains attractive in absolute terms and relative to peers.

Private labelling

Private labelling – the area providing outsourcing solutions to third parties and contributing around 6% of the Group's revenues – ended the quarter with assets under management of CHF 44.5 billion. Asset levels were flat from 30 June 2013 as positive market performance was offset by currency movements and net new money outflows. The latter were mainly driven by outflows from third-party managed money market funds as well as closures and redemptions of offshore funds. As discussed previously growth in this business, at least over the short term, is proving less predictable than anticipated, primarily due to the fact that European regulation of onshore funds – one important driver of the client proposition – is still evolving.

Update on tangible equity and share buy-back programme

Tangible equity as at 30 September 2013 was CHF 518.4 million, up 9% or CHF 41.7 million compared to 30 June 2013. This reflects continued levels of robust profitability across the Group's businesses as well as a decline in its share buy-backs over the second trading line.

Under its 2011-14 share buy-back programme, in the third quarter of 2013 the Group bought back 325,000 own shares for cancellation (CHF 4.93 million, at an average price of CHF 15.17). The reduction of buy-back volumes from previous periods, when repurchases were used to return excess capital to shareholders, is in line with the Group's capital management strategy as communicated at its half-year results presentation.

While management will use buy-backs to retain flexibility in returning cash and capital to shareholders, the Group intends to place a stronger emphasis on dividends. It anticipates adhering to its historical dividend pay-out ratio of approximately 50% of its underlying net profit, based on its expectations of the sustainability of near-term earnings.

New functional Group organisation in place

With the integration of a number of teams at GAM and Swiss & Global Asset Management, the Group's functional organisation has now been largely implemented. The distribution and marketing teams across the globe, for instance, have been brought together under joint leadership, while the HR, finance and legal and compliance functions have been fully integrated at the Group level.

The Group has also started to consolidate its office space in London and Zurich, where it employs 378 and 353 people respectively, giving up historic locations in both cities (12 St. James's Place and Klausstrasse 10) and co-locating teams according to functions. This process will be completed by year-end 2013.

Forthcoming events:

- 4 Mar 2014** Full-year results 2013
15 Apr 2014 Ordinary Annual General Meeting & Interim management statement Q1 2014
12 Aug 2014 Half-year results 2014

For further information please contact:

Media Relations:
Larissa Alghisi Rubner
T: +41 (0) 58 426 62 15

Investor Relations:
Patrick Zuppiger
T: +41 (0) 58 426 31 36

About GAM Holding AG

GAM Holding AG is an independent, pure-play asset management group with a focus on active investing. With global distribution networks and investment teams based in five investment centres in Europe, the US and Asia, it delivers investment solutions to institutions, intermediaries and private clients through two leading brands – Julius Baer Funds (distributed by Swiss & Global Asset Management) and GAM. The Group's investment management business, with assets under management of CHF 72.1 billion¹, is complemented by a private labelling unit which provides outsourcing solutions for third-party assets totalling CHF 44.5 billion¹.

Headquartered in Zurich, 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 total assets under management of CHF 116.6 billion¹ and employs over 1,000 staff with offices in 10 countries.

¹ As at 30 September 2013.

Disclaimer regarding forward-looking statements

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

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