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PRESS RELEASE

GAM launches sustainable local emerging bond strategy; first in new range of ESG focused strategies

GAM Investments today announces the launch of a sustainable local emerging market bond strategy. The new investment approach was developed in close partnership with VBV-Pensionskasse, a leading pension fund for sustainable investments in Austria. Due to a longstanding existing partnership with GAM in this asset class, VBV has moved a three-digit million investment into the new sustainable solution. The strategy will be managed by GAM's emerging markets debt team and is the first in a range of sustainable investment strategies the firm plans to launch in 2021.

The new strategy draws upon the expertise of Paul McNamara and GAM's highly experienced emerging markets debt team, whose differentiated, conviction-driven approach to EM debt investing has been developed over 20 years. The strategy seeks to generate long-term financial returns by investing in a way that is sensitive to the impact decision making may have on society and the environment.

The approach combines a positive tilt towards sovereigns with higher environmental, social and governance (ESG) scores, as defined by its benchmark, the JP Morgan ESG GBI-EM GD Index, with the team's proprietary investment process incorporating ESG factors for active allocation within the index tilts. The JP Morgan ESG GBI-EM GD Index leverages research from both Sustainalytics and RepRisk therefore allowing investors to combine the benefits offered by active management applied to an ESG benchmark.

The team's process mirrors that of the long-running local emerging bond strategy. Based on its assessment of developments in the 'Big 3' global economies – the US, Europe and China – the team establishes three to five top-down global themes, which determine country selection, along with specific return and risk driver preferences. Given the team's emphasis on crisis avoidance, country analysis is then performed using the team's proprietary 'Crisis Cycle Filter' (see notes to editors). This captures the interaction between core ESG factors and nine traditional macroeconomic variables considered to be highly reliable, early indicators of financial crises, such as falling FX reserves or rapidly rising inflation.

The strategy typically has active exposure to 15-25 emerging and frontier markets, centred upon approximately 10 very liquid core markets and 100-150 bonds and FX forwards.

Paul McNamara, Investment Director for emerging market debt at GAM, said: "We have taken ESG factors into account in our investment process for our local emerging bond strategy for a number of years, purely for their impact on risk-adjusted returns. However, as ESG factors become more efficiently priced in the sovereign debt market, we believe that now is the time for a strategy that targets both a specific ESG tilt and integrates ESG factors from a risk/return perspective."

Günther Schiendl, Member of the Executive Board of VBV-Pensionskasse, said: "VBV-Pensionskasse invests responsibly, sustainably and with a focus on performance. Particularly in the area of fixed-income emerging markets, a new approach that increasingly takes ESG criteria into account was important to us, as this type of solution has been rare so far."

Stephanie Maier, Global Head of Sustainable and Impact Investment at GAM, said: "At GAM, we are listening to the clear client demand for more strategies focused on sustainable investing and are delighted to be working in partnership with our clients to develop these. The sustainable local emerging bond strategy combines the benefits of using a well-established ESG benchmark, with the opportunity to benefit from active management and expertise of GAM's emerging markets bond team. Later this year, we plan to launch additional ESG focused products, further building on our award winning Swiss Sustainable Companies strategy[1], which has a track record of more than 20 years."

Notes to Editors

GAM's Crisis Cycle Filter

The investment team believes that the impact of ESG factors on the creditworthiness of governments is best understood in a framework that captures the interaction between ESG factors and traditional macro variables. The Crisis Cycle Filter analyses nine variables, which include falling foreign exchange reserves; falling ratio of FX reserves to broad money; zero or negative real interest rates; rapidly rising inflation; rapid rise in credit/GDP ratio; high and rising current account deficit/exports; uncompetitive exchange rate; vulnerable banking sector (qualitative); and rapid deterioration in fiscal position (qualitative).

The underlying philosophy of the framework is that none of these variables on their own are likely to trigger a crisis. If an economy suffers from weaknesses in many of these areas, however, the authorities have typically lost the degrees of freedom required for a coherent policy response to a negative shock, and a crisis is consequently far more likely. Similarly, weaknesses in ESG are more likely to be costly to returns when the economy suffers from other macroeconomic imbalances. Via the Crisis Cycle Filter, ESG factors play a role in both risk management and potentially enhancing returns.

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[1] The GAM Swiss Sustainable Companies strategy won the "2020 Best Swiss Equities" award at the Swiss Sustainable Funds Awards on 9 June 2020. The award recognises an investment strategy, which has demonstrated a social and environmental approach focused on capital preservation and performance and which has demonstrated a clear commitment to future generations. No fee was paid to be considered for this award.

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About GAM

GAM is a leading independent, pure-play asset manager. The company provides active investment solutions and products for institutions, financial intermediaries and private investors. The core investment business is complemented by private labelling services, which include management company and other support services to third-party asset managers. GAM employed 701 FTEs in 14 countries with investment centres in London, Cambridge, Zurich, Hong Kong, New York, Milan and Lugano as at 31 December 2020. The investment managers are supported by an extensive global distribution network. Headquartered in Zurich, GAM is listed on the SIX Swiss Exchange with the symbol 'GAM'. The Group has AuM of CHF 122 billion (USD 138.0 billion) as at 31 December 2020.

Important legal information

The information in this document is given for information purposes only and does not qualify as investment advice. Opinions and assessments contained in this document may change and reflect the point of view of GAM in the current economic environment. No liability shall be accepted for the accuracy and completeness of the information. Past performance is no indicator for the current or future development. All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed. There is no guarantee projections will be realised. Allocations and holdings are subject to change.

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The J.P. Morgan ESG GBI-EM Global Diversified (JESG GBI-EM) tracks the performance of bonds issued by emerging market governments and denominated in the local currency of the issuer. The index applies an Environmental, Social and Governance (ESG) scoring and screening methodology to tilt toward issuers ranked higher on ESG criteria and green bond issues, and to underweight or remove issuers that rank lower. The JESG GBI-EM is based on the established flagship J.P. Morgan GBI-EM Global Diversified Index. The returns and statistics are available since December 2012.