

20 October 2016

PRESS RELEASE

GAM Holding AG: Interim management statement for the three-month period to 30 September 2016

- Group assets under management of CHF 119.1 billion, up 5% from 30 June 2016, with overall net inflows of CHF 0.7 billion
- Investment management:
 - Assets under management of CHF 67.3 billion, up 3% from 30 June 2016, driven by the acquisition of Taube Hodson Stonex (THS) and a net positive impact from market and foreign exchange movements
 - Net outflows of CHF 1.8 billion as net inflows in fixed income were more than offset by redemptions in other capabilities
 - Acquisition of THS, adding CHF 2.2 billion to assets under management, closed on 31 August 2016
 - Acquisition of Cantab Capital Partners (Cantab) closed after the period on 3 October 2016 and is not included in the reported assets under management above
- Private labelling:
 - Assets under management of CHF 51.8 billion, up 8% from 30 June 2016, driven by net inflows and a positive impact from market and foreign exchange movements
 - Net inflows of CHF 2.5 billion

Group CEO Alexander S. Friedman said: “The market environment continues to be challenging. Frequent bouts of volatility amid sideways markets have led to risk aversion among clients. While we remain focused on delivering investment performance, market swings detached from fundamentals have made it difficult for some discretionary fund managers, who rely on fundamental analysis, to outperform.

We are making good progress with our strategic initiatives. Since the end of June, we completed the acquisitions of Taube Hodson Stonex and Cantab Capital Partners, successfully launched our merger arbitrage strategy and a trade finance offering and developed two new GAM Systematic funds. These steps will make our company more diversified, resilient, and will position us for future growth.”

Investment management

Assets under management movements (CHF bn)

Capability	Opening AuM 30 Jun 2016	Net flows	Acquisition	Market/FX	Closing AuM 30 Sep 2016
Absolute return	19.2	-1.5	-	0.2	17.9
Fixed income	19.3	1.0	-	0.4	20.7
Equity	10.7	-0.9	2.2	0.7	12.7
Alternatives	5.6	-	-	-	5.6
Multi asset	10.7	-0.4	-	0.1	10.4
Total	65.5	-1.8	2.2	1.4	67.3

Assets under management rose to CHF 67.3 billion from CHF 65.5 billion as at 30 June 2016 as net outflows of CHF 1.8 billion were more than offset by the addition of CHF 2.2 billion from the acquisition of THS and a net CHF 1.4 billion positive impact from market and foreign exchange movements.

In absolute return, the outflows were driven by redemptions from the JB Absolute Return Europe Equity Fund and Global Rates strategy. Outflows from the unconstrained/absolute return bond strategy slowed markedly in the quarter and its year-to-date performance remains strong.

In fixed income, the JB Local Emerging Bond Fund continued to generate strong net inflows along with the new trade finance offering and the GAM Star Credit Opportunities fund.

In equity, outflows reflected negative market sentiment across a range of thematic and regional strategies.

Within alternatives, the JB Physical Gold fund generated net inflows, while traditional funds of hedge fund strategies experienced redemptions.

In multi asset products, redemptions came from one institutional mandate and managed portfolios of private clients.

Private labelling

Assets under management movements (CHF bn)

Fund domicile	Opening AuM 30 Jun 2016	Net flows	Market/FX	Closing AuM 30 Sep 2016
Switzerland	31.7	0.2	0.8	32.7
Rest of Europe	16.3	2.3	0.5	19.1
Total	48.0	2.5	1.3	51.8

Assets under management in private labelling, which provides fund solutions for third parties, rose to CHF 51.8 billion from CHF 48.0 billion as at 30 June 2016, driven by net inflows of CHF 2.5 billion and a CHF 1.3 billion positive impact from market and foreign exchange movements.

Update on strategic initiatives

The acquisition of Cantab, an industry-leading, multi-strategy systematic manager based in Cambridge, UK, closed on 3 October 2016. Cantab managed USD 4.1 billion in assets for institutional clients worldwide as at 1 October 2016 and forms the cornerstone of the newly created GAM Systematic platform. GAM has developed two new UCITS funds under the GAM Systematic brand, using Cantab's proven methodology and tested investment strategies.

The acquisition of THS, a London-based global equity investment firm, closed on 31 August 2016, adding CHF 2.2 billion to GAM's assets under management in the third quarter.

To expand GAM's successful range of absolute return products, the company launched the GAM Star (Lux) Merger Arbitrage fund in July. The same month GAM also launched a trade finance offering, which provides an innovative solution optimised for the current low yield environment.

Outlook

The market environment is expected to remain challenging for the remainder of 2016. Elevated valuations across many equity and credit markets, as well as uncertainties stemming from the US presidential election and other political events, are likely to continue to weigh on investors' risk appetite, flows and assets.

The Group's relevant funds eligible for performance fees in the second half of 2016 are currently below their high-water marks. GAM therefore expects the level of performance fees in the second half of 2016 to be similar to the CHF 1.2 million generated in the first half of 2016. As a direct consequence, the level of overall profitability for the full year 2016 will be significantly lower than the profits realised in 2015, when performance fees amounted to CHF 82.8 million.

GAM remains confident about delivering on its targets over the business cycle, given good progress on its strategic initiatives and strict cost discipline.

Forthcoming events:

2 March 2017	Full-year results 2016
26 April 2017	Interim management statement Q1 2017
27 April 2017	Annual General Meeting

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About GAM

GAM is one of the world's leading independent, pure-play asset managers. The company provides active investment solutions and products for institutions, financial intermediaries and private investors under two brands: GAM and Julius Baer Funds. The core investment business is complemented by private labelling services, which include management company and other support services to third-party asset managers. GAM employs about 1,000 people in 11 countries with investment centres in London, Cambridge, Zurich, Hong Kong, New York, Milan and Lugano. The investment managers are supported by an extensive global distribution network.

Headquartered in Zurich, GAM 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 119.1 billion (USD 122.9 billion) as at 30 September 2016.

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.

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