HALF-YEAR H1 2015 REPORT

Six months of focused execution

GAM

CONTENTS

KEY FIGURES

	H1 2015	H2 2014	H1 2014	CHANGE FROM H2 2014 IN %	CHANGE FROM H1 2014 IN %
GROUP INCOME STATEMENT CHF M					
Operating income	303.6	316.1	307.4	-4	-1
Operating expenses	202.1	212.5	194.3	-5	4
Underlying profit before taxes	**101.5**	**103.6**	**113.1**	**-2**	**-10**
Underlying income tax expenses	20.3	19.5	20.0	4	2
Underlying net profit[1]	**81.2**	**84.1**	**93.1**	**-3**	**-13**
IFRS net profit	80.9	78.2	90.8	3	-11
GROUP BALANCE SHEET CHF M					
Net cash	504.3	643.9	533.0	-22	-5
Assets	2,253.1	2,370.7	2,261.2	-5	0
Equity	1,842.9	1,915.9	1,873.4	-4	-2
Tangible equity[2]	470.4	540.6	501.3	-13	-6
RATIOS					
Cost/income ratio	66.6%	67.2%	63.2%	-	-
Return on tangible equity[3]	34.5%	30.3%	36.7%	-	-
CLIENT ASSETS - INVESTMENT MANAGEMENT CHF BN					
Assets under management at the end of the period	73.5	76.1	73.4	-3	0
Average assets under management[4]	73.6	75.3	70.6	-2	4
Net new money	2.0	1.1	1.3	82	54
Return on assets (bps)[5]	76.4	76.2	79.5	0	-4
Return on assets - excluding performance fees (bps)[5]	64.4	67.9	69.6	-5	-7
CLIENT ASSETS - PRIVATE LABELLING CHF BN					
Assets under management at the end of the period	50.7	47.1	46.2	8	10
Average assets under management[4]	49.5	47.5	45.8	4	8
Net new money	4.3	-0.7	-0.1	-	-
Return on assets (bps)[5]	8.4	8.4	9.3	0	-10

[1] The underlying net profit for H1 2015 excludes the amortisation of customer relationships of CHF 0.3 million. Including this item, the Group's IFRS net profit for H1 2015 was CHF 80.9 million. The underlying net profit for 2014 excludes the adjustment of the GAM Lugano deferred liability of CHF 5.9 million (H2 2014: CHF 5.9 million, H1 2014: none) and the impairment of investments of CHF 2.3 million (H2 2014: none, H1 2014: CHF 2.3 million). Including these items, the Group's IFRS net profit for 2014 was CHF 169.0 million (H2 2014: CHF 78.2 million, H1 2014: CHF 90.8 million).

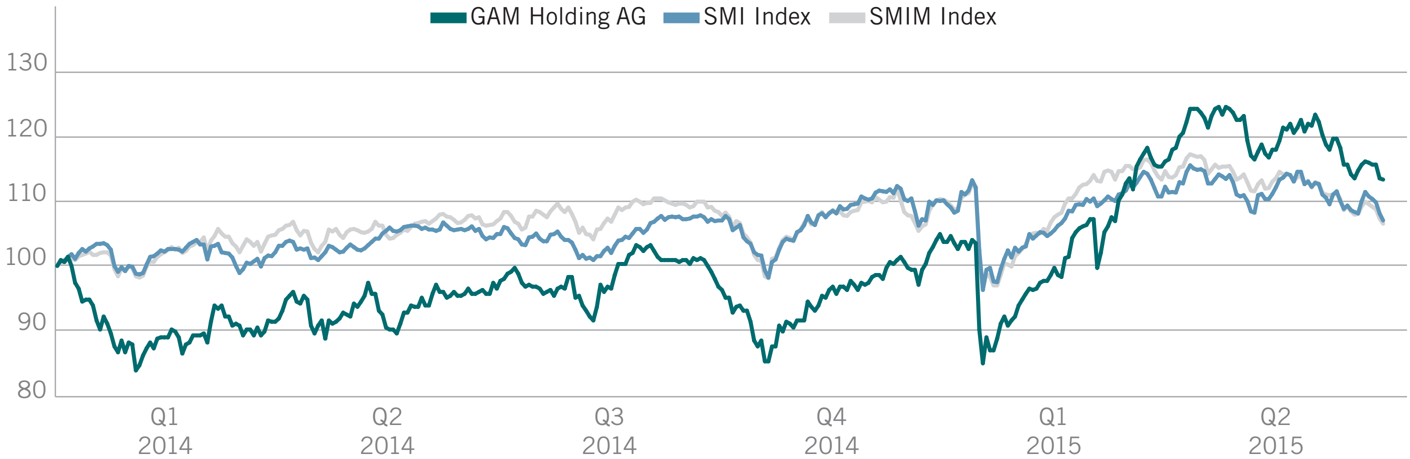
[2] Equity excluding non-controlling interests, goodwill and other intangible assets.

[3] Underlying net profit excluding non-controlling interests (annualised) / tangible equity at the end of the period.

[4] Average calculated with seven month-end values (December to June for H1 2015 and H1 2014, June to December for H2 2014).

[5] Annualised.

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 2015	H2 2014	H1 2014	CHANGE FROM H2 2014 IN %	CHANGE FROM H1 2014 IN %
SHARE INFORMATION CHF					
Basic EPS[1]	0.51	0.51	0.57	0	-11
Closing price	19.65	18.00	16.90	9	16
Highest price	21.60	18.20	17.60	19	23
Lowest price	14.75	14.80	14.55	0	1
Market capitalisation at the end of the period (CHF m)	3,275	3,000	2,817	9	16
Weighted average number of shares outstanding[2]	160,647,183	162,245,137	162,296,267	-1	-1
PERSONNEL					
Number of full-time equivalents at the end of the period	1,097	1,094	1,084	0	1
in Switzerland	343	348	343	-1	0
in the United Kingdom	376	372	367	1	2
in the rest of Europe	266	265	261	0	2
in the rest of the world	112	109	113	3	-1

[1] Underlying net profit excluding non-controlling interests / weighted average number of shares outstanding.
[2] Daily weighted average of shares outstanding which excludes treasury shares.

GAM AT A GLANCE

GAM Holding AG

Independent, pure-play asset manager	CHF 124.2 bn in assets under management[1], of which: ▸ Investment management business is CHF 73.5 bn ▸ Private labelling business is CHF 50.7 bn
Substantial resources	149 investment professionals 1,097 employees Strong liquidity and capital base
Global presence and reach	Listed on the SIX Swiss Exchange Six investment centres (London, Zurich, Lugano, New York, Hong Kong and Milan) Offices in 11 countries
Breadth and depth	Distinctive offering covering full spectrum of asset classes and strategies, underpinned by commitment to active investment management
Two leading investment brands	GAM Julius Bär *Funds*

[1] As at 30 June 2015.

JOINT LETTER FROM THE CHAIRMAN AND CEO

DEAR READER

The first half of 2015 has been a very active period for our firm. Against the backdrop of eurozone turmoil, diverging central bank policies, and extreme foreign exchange moves, we have delivered solid profitability, broad-based net new money growth and compelling investment performance in our actively managed investment strategies.

Importantly, we have initiated an ambitious growth agenda that has begun to yield a number of tangible achievements and that will position the Group well over the long term.

One of the critical events impacting our results for the first half of 2015 took place at the beginning of the year: the Swiss National Bank (SNB) removed its minimum exchange rate of CHF 1.20 against the euro and, for the first time in 40 years, introduced negative interest rates. As we highlighted in last year's annual report, published in March 2015, this development introduced an extra hurdle for us to overcome during the first half of 2015.

We are pleased to announce that we successfully navigated these challenges, and can report **underlying net profit** of CHF 81.2 million for the first six months of 2015. This result excludes the non-cash amortisation of client relationships, and net profit according to IFRS is CHF 80.9 million.

The abrupt strengthening of the Swiss franc following the SNB's decision noted above had a negative effect on our earnings. As explained in the past, while we report results in Swiss francs, the majority of our assets under management – and hence our revenues – are denominated in foreign currencies. The depreciation of these currencies against the franc during the first six months of 2015 reduced assets under management in investment management by CHF 5.4 billion and in private labelling by CHF 1.9 billion. While this was partly offset by net new money growth and positive market performance, the impact on our revenues was still notable. Overall operating income for the first half of 2015 would have been approximately CHF 25 million higher than the reported CHF 303.6 million, had exchange rates not moved dramatically from year-end 2014 levels.

On the other hand, due to our international presence and the global nature of our business, over 60% of our costs are incurred in currencies other than the Swiss franc. This has acted as a natural 'hedge,' reducing our exposure to currency fluctuations. Foreign exchange movements since year-end 2014 contributed positively to the 5% cost reduction we report for the first half of 2015.

Looking through the currency impact, underlying business dynamics and results were healthy, highlighting the robustness of our business model. Performance fees are broadly diversified and rose from the previous year, driven by strong contributions from global macro and certain fixed income strategies, as well as from our Julius Baer-branded non-directional European equity strategy. Net management fees and commissions were weaker, reflecting the impact of the currency effects described above and movements in the overall product and client mix of our assets under management. The asset mix was particularly impacted by a higher proportion of institutional investments into certain fixed income strategies. While margins in this client segment tend to be lower than those we generate by selling our products through financial intermediaries, such investments are attractive in that they tend to be longer-term and more sizeable. We continued to manage cost levels in a disciplined manner, thereby mitigating the impact of a slide in operating income on our profitability and cost/income ratio (66.6% for the first half of 2015).

> *“ACTIVE INVESTMENT STRATEGIES CONTINUE TO REPRESENT A COMPELLING CHOICE IN THE CURRENT LOW-YIELD ENVIRONMENT.”*

Net new money growth was robust in both investment management and private labelling, with net inflows of CHF 2.0 billion and CHF 4.3 billion respectively. In our core investment management business, net new money flows are primarily driven by investment performance. The conviction views that our managers take in their strategies sometimes need time to play out, and can lead to periods of weaker performance. Flows in the retail-oriented intermediary market are particularly sensitive to short-term fluctuations in investment returns. In 2014, we saw this dynamic affect our flagship unconstrained/absolute return bond strategy, given the team’s early call to be short European rates, which produced a period of under-performance and retail outflows. As is often the case with contrarian calls from accomplished managers, this has ultimately proven to be the correct positioning. Since the start of 2015, performance has improved and net new money has turned positive, with institutional inflows offsetting any redemption from financial intermediaries.

Our absolute return product range, which includes a number of alternative strategies across asset classes and our multi-asset class solutions (MACS), are two important areas of focus. Net new money inflows in the absolute return capability were driven by our GAM-branded global macro strategy and our Julius Baer-branded European long/short strategy. Over the first six months of 2015, assets in these strategies increased by 13% and 76% respectively. In MACS, net inflows into the risk-rated solutions we provide for independent financial advisers and into our business with Continental European institutions more than offset some outflows from the private clients of our previously captive channels at UBS and Julius Baer. We continue to strengthen our MACS offering, building on our well-established capabilities spanning traditional and alternative investments.

A strong contribution to net new money inflows in the first half of 2015 came from specialist fixed income strategies, which continue to represent a compelling alternative for investors in the current low-yield environment. For instance, our US mortgage-backed securities capability – derived from the acquisition of the Singleterry Mansley business about a year ago – has proven quite successful, and the onshore fund we launched based on their strategy has more than tripled its assets since the beginning of the year. Emerging market debt, on the other hand, continues to be affected by volatile market sentiment, which has led to outflows from our strategy investing in local currency bonds. With its top quartile ranking over most 12-month periods since launch in 2000 and growing support from consultants in the institutional market, the fund – which was one of the pioneers in emerging market debt investment – is well positioned to benefit when US dollar strength abates.

In equities, overall net new money was flat for the first half of 2015. While our Julius Baer-branded Japan strategy saw significant net new money growth, GAM’s Chinese equity strategy ended the period with a negative net balance, despite ongoing gross inflows. Launched in 2007, GAM’s Chinese equity fund is one of the largest and most established such funds in the market, and its performance track record remains amongst the strongest of its peer group with a top quartile ranking over most time periods. It is built on its highly active approach, with a positioning that is not exposed to the large components of conventional indices – which resulted in softer performance in late 2014 and early 2015, when the market was driven by top-down asset allocation flows rather than fundamentals. Conditions started to turn around in the second quarter, and our fund enjoyed a significant improvement in absolute and relative performance, which it largely retained even after the recent massive sell-off in Chinese equities.

Finally, in private labelling, where we provide fund service solutions to third parties and generate around 7% of our revenues, net new money of CHF 4.3 billion represents a rebound from the net outflows we experienced in the previous year. These inflows reflect a number of substantial new mandate wins. In this business, while client relationships are generally long-term, asset flows from new or lost mandates in any period can be concentrated. These fluctuations, however, do not have a material impact on revenues nor on the Group’s profitability.

“WE ARE IN THE MIDST OF AN AMBITIOUS GROWTH AGENDA, AND COMMITTED TO DISCIPLINED EXECUTION.”

As a company, our long-term success lies in identifying areas where active management can excel and truly make a difference. With our most recent **acquisition**, announced on 11 August 2015, we have added just such a new capability to our skillset – private market real estate finance. We have entered into a definitive agreement with the shareholders of Renshaw Bay, a London-based independent asset management firm, to acquire its real estate finance business. The team of 10 highly regarded investment specialists, led by Jon Rickert, will transfer to GAM. Renshaw Bay’s real estate finance business currently manages approximately USD 1.2 billion in committed capital from clients in a strategy focused on the origination of commercial real estate loans in Western Europe. While providing a seamless transition for the team and its investors, over time we plan to launch new strategies under the GAM brand with this team. This step will further diversify our business mix, adding a sustainable stream of revenues tied to long-term capital commitments, in an asset class with strong demand tailwinds. This transaction will be accretive from day one and it represents an important new strategy pillar for GAM.

We will continue to identify attractive acquisition targets that represent a compelling strategic, financial and cultural fit to our business. If the right opportunity arises, we will act in a disciplined manner in line with our commitment to prudent capital management and sustainable shareholder distributions. To lead our corporate development strategy, we are pleased to have hired Tim Dana as our Group Head of Corporate Development. Tim joins us from Citigroup’s Financial Institutions Group, where he was a Managing Director and a senior M&A investment banker specialising in asset management, after formerly serving as Managing Director at Lazard. He will join GAM in the fall of 2015, and will work closely with our new Group Chief Financial Officer Richard McNamara, who will succeed Marco Suter in October 2015.

Concurrently with our search for suitable acquisitions, we continue to drive the internal strategic initiatives we have announced earlier this year – with a number of tangible achievements already during the first half of 2015.

Brand strategy: As announced in March this year, on 1 June 2015 we discontinued the Swiss & Global Asset Management name. It was introduced in 2009 for the former Julius Baer asset management business, following our separation from Julius Baer. The respective legal entities have now been renamed and, with this move, all of our businesses are united under the GAM brand. The trademark ‘Julius Baer Funds,’ which we continue to license under an exclusive agreement with the bank, will be retained purely as a product brand. The shift to simpler branding will help us to raise our profile in the market, and make our marketing and communication efforts more efficient and effective. It is also reflective of our strategic move towards internal integration.

With the name change, we have also initiated a strategic brand project which will lead to a new brand strategy we will roll out later this year. Our efforts to raise brand awareness are already well underway, and GAM’s investment thought leadership, expressed in op-eds, TV appearances and various other non-paid formats in top-tier international financial media, during the first half of 2015, has increased by more than 60% compared to a year earlier.

Future operating landscape defined: We have completed an in-depth review of our operations and IT infrastructure. As a result of our history, some of our support infrastructure and teams are fragmented across our different legal entities and product brands, adding complexity to our business model. We have therefore developed a plan to introduce a consistent operating ‘backbone’ for our business, focused on the core parts of the value chain: the support of our portfolio management and client servicing activities. Conversely, fund accounting and middle office processes, which are becoming increasingly commoditised, are to be outsourced to a specialist provider, State Street. Given their heavy reliance on economies of scale, in the long term we believe that we will be unable to provide these activities in a cost-effective manner in-house. In addition, across the company, we are in the process of eliminating remaining duplications in structures and systems.

The implementation of our new operating model will start in the second half of 2015, and we anticipate it to be completed by the end of 2016. We expect this to result in a structural cost reduction of CHF 20 million+ annually (approximately 5%+ of our 2014 cost base). These savings will fully materialise at completion of the project and improve our profitability as well as provide a buffer against future investments we might make to drive organic growth.

As a result of the planned restructuring measures, we estimate that, across all our locations, the total number of jobs in our Group is likely to be reduced by approximately 15% over the next 18 months. We will do all we can to offer impacted staff other alternative roles in-house, taking advantage of the natural turnover rate in our support functions. However, we will not be able to avoid a certain number of redundancies and will mitigate the consequences for the impacted individuals as much as possible. Employees who are unable to find a suitable role over the course of this project will be compensated with appropriate redundancy packages and will receive our support in their search for new employment.

Overall, we expect the costs associated with the restructuring (including redundancy payments and, to a lesser extent, the expenses for the decommissioning of software) to result in a one-time charge of around CHF 13 million. We will book this charge in the second half of 2015. It will be reflected in our 2015 IFRS net profit, but excluded from the discussion and presentation of our underlying results.

Repositioning of our product shelf for growth: We are in the process of streamlining our product shelf in order to focus our future product management, sales and marketing efforts on those areas with the strongest growth potential. At year-end 2014, we had approximately 170 distinct investment strategies, of which a large number had less than CHF 100 million in assets. We are closing certain sub-scale strategies and asking clients to reallocate their assets to other products, or combining funds with similar or related products, in order to drive critical mass and enhance their chances to attract meaningful flows. During the first half of 2015, we closed 12 funds as part of this project, without losing any assets. We plan to complete our streamlining project by the end of the year.

Outlook: As we enter the second half of 2015, we have seen the positive underlying momentum in our business continuing. Global monetary policy remains broadly accommodative, even as US rates could begin the path towards gradual normalisation. While some market valuations are starting to look fuller, policy divergence and resulting volatility enables increasing opportunities for alpha generation through active investment. We believe this creates an attractive tailwind for risk assets, and GAM is well positioned to capitalise on this dynamic.

However, the macroeconomic and political issues that characterised the first half of 2015 are likely to persist, and the overall economic environment remains challenging and difficult to predict. Beyond navigating its immediate impact on our results, we focus on addressing the long-term dynamics in our industry, by delivering consistent and excellent investment performance, building a strong and efficient infrastructure, and fostering an effective and entrepreneurial approach to growth.

Our Group is in the midst of an ambitious strategic agenda, and the benefits from the changes we are implementing will not be fully realised overnight. We are highly confident that we have taken the right steps to significantly strengthen our company's competitive advantage and secure our long-term success.

With best regards,

Johannes A. de Gier
Chairman

Alexander S. Friedman
Group CEO

Zurich, 11 August 2015

H1 2015 RESULTS OVERVIEW

H1 2015 results overview

KEY PERFORMANCE INDICATORS

- **Basic EPS at CHF 0.51:** share buy-back activity compensated for net profit decline
- **Cost/income ratio of 66.6%:** re-design of operating landscape to yield structural cost reduction by year-end 2016
- **Net cash of CHF 504.3 million, no financial debt**
- **Tangible equity of 470.4 million, well above regulatory requirements**
- Solid financial base provides flexibility to pursue growth agenda and maintain shareholder distributions

OUR MID-TERM FINANCIAL TARGETS

Over a business cycle we aim to achieve:

- **annualised growth of basic earnings per share well in excess of 10%**
- **a cost/income ratio of 60–65%**
- Strategic initiatives are designed to redeploy resources in areas of growth and competitive advantage

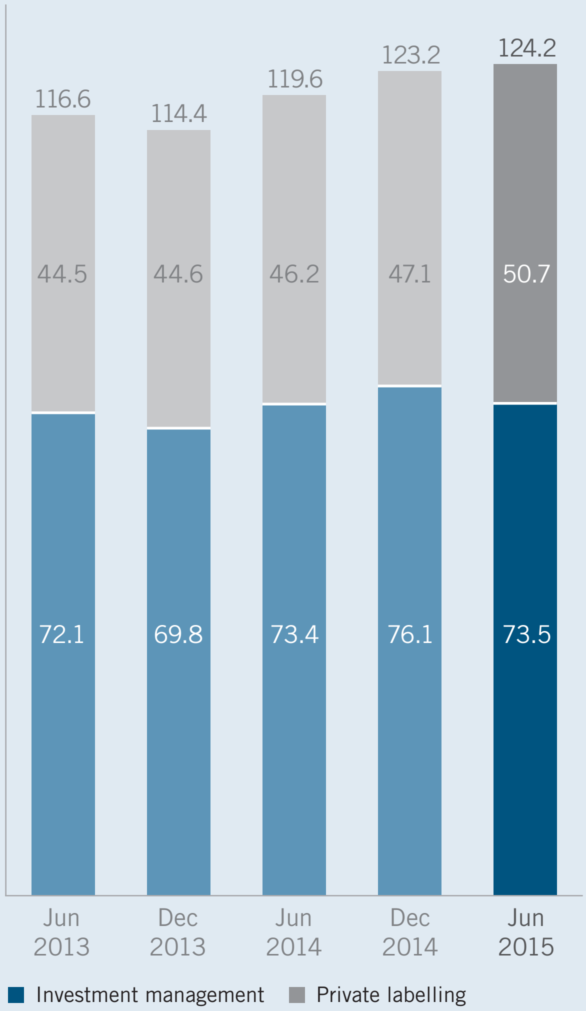
H1 2015 VS H2 2014

- **Underlying profit before taxes** of 101.5 million, down 2%. Decline mainly reflects adverse currency movements in January 2015, following the Swiss National Bank's discontinuation of the CHF 1.20 minimum exchange rate against the euro, and a reduction in 'other operating income'. Currency impact largely offset by a revenue rise from robust net new money inflows and higher performance fees as well as cost discipline
- **Underlying net profit** of CHF 81.2 million, down 3%, reflecting a reduction in pre-tax profitability and a modest increase in the tax rate due to a change in the geographic earnings mix
- **Net profit according to IFRS** of CHF 80.9 million, up CHF 2.7 million from CHF 78.2 million in H2 2014

H1 2015 VS H1 2014

- **Underlying profit before taxes** 10% lower, driven partly by unfavourable currency movements. Operating expenses rose due to the absence of a non-recurring credit to general expenses booked in H1 2014, increased accruals for contractual bonuses (tied to performance fees) and higher charges for share-based compensation plans (driven by share price appreciation)
- **Underlying net profit** down 13%, as a result of lower pre-tax profits and an increase in the tax rate due to a change in the geographic earnings mix
- **Net profit according to IFRS** down 11% (from CHF 90.8 million)

ASSETS UNDER MANAGEMENT (CHF BN)



INVESTMENT MANAGEMENT

Description

- All investment strategies, mandates and funds managed across the Group, for institutional and private clients as well as financial intermediaries; represents over 90% of the Group's revenues

H1 2015 snapshot

- Net new money inflows of CHF 2.0 billion across product range and positive impact from market performance
- Reduction in asset levels fully attributable to CHF appreciation (over 80% of assets denominated in other currencies)
- 83% of assets in funds outperforming their benchmark over three years (excluding segregated accounts and mandates)

PRIVATE LABELLING

Description

- Fund and outsourcing solutions for third parties (management company services, private label funds); represents approximately 7% of the Group's revenues

H1 2015 snapshot

- Net new money inflows of CHF 4.3 billion reflecting new mandate wins; combined with positive market performance more than offsetting the negative foreign exchange impact

BUSINESS AND STRATEGY UPDATE

Business and strategy update

PROGRESS ON MID-TERM STRATEGIC INITIATIVES

BRAND STRATEGY: GAM INTRODUCED AS SINGLE BRAND FOR THE GROUP

On 1 June 2015, we discontinued the Swiss & Global Asset Management name, which had been introduced in 2009 following the company's separation from Bank Julius Baer. The respective legal entities have been renamed and with this, all of our businesses are now united under the GAM brand. The trademark 'Julius Baer Funds', which we continue to license under an exclusive agreement with the bank, will be retained purely as a product brand.

The shift to simpler branding is an important step that will help us to raise our profile in the market, making our marketing and communication efforts more effective and more efficient at the same time. It is also reflective of our strategic move towards internal integration.

With the name change, we have also initiated a strategic brand project. During the second quarter of 2015, we conducted interviews with our most important constituents – key staff members, direct clients and intermediaries – to understand how the market perceives us today, and what clients and employees expect from us. These findings are helping us to reshape our external positioning, which will be expressed by a new brand strategy we are aiming to roll out later this year.

Our efforts to raise brand awareness are already well underway, and GAM's investment thought leadership, expressed in op-eds, TV appearances and various other non-paid formats in top-tier international financial media, during the first half of 2015 has increased by more than 60% compared to a year earlier.

FUTURE OPERATING LANDSCAPE DEFINED

We have completed the in-depth review of our operations and IT infrastructure, which we had announced in March 2015. As a result of our history, some of our teams, systems and processes are fragmented across our legal entities, product brands and support infrastructures, adding complexity to our business model. To address these issues, we have developed a plan to introduce a consistent operating 'backbone' for our investment management and private labelling businesses. We will focus our operations function on the core parts of the value chain: supporting our portfolio management and client-servicing activities. Conversely, certain middle and back office processes, which are becoming increasingly commoditised and rely heavily on economies of scale, are to be outsourced.

We will start with the implementation of our new operating model in the second half of 2015 and anticipate an 18-month completion time. The restructuring steps will include the planned outsourcing of all middle office and fund accounting activities to a specialised external partner, State Street. Our analysis has shown that the increasing pace of change in technology, regulation and client needs impacting these processes requires a level of continuous investment that we will not able to sustain in the future. State Street has been providing fund administration services for our private labelling business and our Julius Baer-branded funds since 2013. Hence, we intend to transfer the fund accounting activities related to our GAM funds (including net asset value calculation and pricing) and the middle office activities (including trade and foreign exchange matching, settlement and collateral

MID-TERM STRATEGIC INITIATIVES

In March 2015, we presented a focused growth agenda for the coming years. The following initiatives are designed to implement strategic change, in order to redeploy resources in areas of growth:

- increasing external recognition and profile through strategic brand building
- simplifying our operating model to achieve greater efficiency
- growing through organic investment and targeted acquisitions.

“BRANDING SIMPLIFIED; OPERATING MODEL RE-DESIGNED; PRODUCT SHELF CALIBRATION AND M&A STRATEGY ON TRACK.”

management) across our full product range to State Street. To monitor, reconcile and control the outsourced activities, we plan to establish a dedicated in-house team based in Dublin.

In addition, across the Group, we are in the process of eliminating remaining duplications in structures and systems, to reflect the progressing integration of our business. For instance, we will align the different portfolio management systems used by our investment teams to manage and execute trades. We will also develop and deploy an integrated fund database for our entire product range, which will serve as a source for all our client and regulatory reporting. Finally, consistent with our move to one corporate brand, we will no longer serve our clients with dedicated teams for the Julius Baer and GAM-branded product ranges but with fully combined efforts in each local market.

Once fully implemented, we expect our new operating model to result in a structural cost reduction of CHF 20 million+ annually, which corresponds to more than 5% of our annual 2014 cost base. This will help us to offset future organic growth investments we might make elsewhere.

As a result of the planned restructuring measures, we estimate that, across all our locations total jobs will be reduced by approximately 15% by the end of 2016. We will do all we can to offer impacted staff alternative roles in-house. However, a certain number of redundancies may be unavoidable. Employees who are unable to find a suitable role over the course of this project will be compensated with redundancy packages comprising their full notice period and one month’s salary per year of service (capped at 12 months). We will further offer them support in search for new employment.

Overall, we expect the costs associated with this project (including redundancy payments and the expenses incurred for the decommissioning of software) to result in a charge of around CHF 13 million, which we will book in the second half of 2015. This one-time charge will be reflected in our 2015 IFRS net profit, but excluded from the discussion and presentation of our underlying results.

PRODUCT SHELF: STREAMLINING AND REPOSITIONING FOR GROWTH

We are in the process of streamlining our product shelf, in order to focus our future product management, sales and marketing efforts on those areas with the strongest growth potential. At year-end 2014, we had approximately 170 distinct investment strategies, of which a large number had less than CHF 100 million in assets. Some of these small funds are logical ‘seeds’ we planted and expect to grow, but others have not been able to attract meaningful demand and are likely to struggle to attract flows in the future. Therefore, we are closing certain sub-scale strategies and asking clients to reallocate their assets to other products, or combining funds with related products, in order to drive critical mass and enhance the competitiveness of our offering.

During the first half of 2015, we have closed 12 funds as part of this project and we plan to complete this project by the end of the year.

ACQUISTION OF RENSHAW BAY’S REAL ESTATE BUSINESS

On 11 August 2015 we announced a definitive agreement with the shareholders of Renshaw Bay, a London-based independent asset management firm, to acquire its real estate finance business.

The team manages a total of approximately USD 1.2 billion in committed client capital. Renshaw Bay’s strategies are focused on the origination of commercial real estate loans in Western Europe.

GAM’s acquisition, essentially structured as an asset purchase, is expected to close in October 2015 (subject to customary approvals), when the management of Renshaw Bay’s real estate strategies, including all existing client relationships, will be transferred to GAM. The strategies will continue to be managed by a team of 10 investment specialists from Renshaw Bay, led by their current head of real estate finance Jon Rickert, ensuring a seamless transition for clients and employees.

Over the coming months, we will launch new strategies under the GAM brand, investing in senior and mezzanine debt backed by real estate in the UK and Continental Europe.

The acquisition represents a further diversification of our business mix, adding a sustainable stream of revenues tied to long-term capital commitments. Private market real-estate is an asset class we have not offered to clients in the past – and one that is very attractive in the persisting low-yield environment. The transaction is subject to customary regulatory approvals. It will be accretive from day one.

CHANGES TO THE GROUP MANAGEMENT BOARD

We made a number of changes to the Group Management Board during the first half of 2015.

In May, we announced that Marco Suter had decided to step down from his current role as Group Chief Financial Officer (CFO) and from the Group Management Board. He will be succeeded by Richard McNamara, who will join GAM and the Group Management Board as the new Group CFO on 1 October 2015 from Henderson Group, where he held the role of Managing Director, Finance.

Furthermore, at the end of June, Michele Porro, Region Head Continental Europe, left the company. Martin Jufer, previously Head of Operations Continental Europe, took on a broader leadership role, assuming responsibility for cross-functional cooperation, oversight and governance of the Continental European legal entities, and the representation of the company in local industry associations. He also became the head of our private labelling business.

Simultaneously with Martin Jufer's appointment, we announced the addition of our Group Head of Communications, Larissa Alghisi Rubner, to the Group Management Board. Scott Sullivan, our Group General Counsel based in Singapore, was appointed as Region Head Asia Pacific, in addition to his other duties.

BUSINESS NEWS

15-YEAR ANNIVERSARY OF OUR PIONEERING LOCAL EMERGING BOND STRATEGY

Launched in April 2000, our Julius Baer-branded strategy investing in local currency emerging market debt was one of the pioneers in the asset class. With assets under management of CHF 4.6 billion as at 30 June 2015, it is one of the largest dedicated local currency funds. Since inception it has achieved an annualised net performance of 7.6%.

The team managing the strategy, based in London, joined GAM as part of the acquisition of Augustus Asset Managers Ltd. in May 2009. The company had been formed in 2007 as the result of a management buy-out from the former Julius Baer Group. GAM acquired Augustus at a time when investor interest in specialised fixed income investments was experiencing a strong recovery in the aftermath of the 2008 financial crisis. Since then, the team has been strengthened by selective additions and continues to be headed by Paul McNamara.

The strategy is a winner of various prizes, most recently the 2015 Morningstar award of "Best Emerging Markets Bond Fund" in Switzerland, Germany, Austria, Italy, Belgium and Luxembourg, and is gaining growing support from investment consultants in the institutional market.

INDUSTRIAL METAL FUNDS APPROVED FOR PUBLIC DISTRIBUTION

In June 2015, we received the approval of the Swiss Financial Market Authority (FINMA) to distribute our physically replicated industrial metals fund range to retail investors. It encompasses four separate funds, investing in aluminium, copper, nickel and zinc. Following the recently obtained FINMA approval, they are now traded on the Sponsored Funds Segment of the SIX Swiss Exchange.

The funds are available in four currency classes, with the non-US dollar versions hedged against foreign exchange movements. The funds do not make use of derivatives or leverage, thereby avoiding issuer or counterparty risks, and given the physical backing, investors further do not incur any roll losses.

GAM SURVEY – INVESTORS SCEPTICAL ABOUT PENSION FUNDS' ABILITY TO ACHIEVE INVESTMENT TARGETS

According to a survey we conducted at the 'GAM Partner Seminar', a client event we hosted in Switzerland in May 2015, 78% of professional investors believe that the majority of pension funds will not reach their long-term investment targets given increased longevity of their beneficiaries.

Regulation is seen as a key barrier to generating sufficient returns and satisfying liabilities, with 64% of respondents agreeing that regulation needs to change to allow retirement schemes more flexibility in their asset allocation decisions.

Half of the respondents anticipate that they will increase their allocation to active products over the next three years, with only 13% planning to increase their investment in passive products. 38% planned to increase portfolio allocations to alternative investments during the second half of 2015, 35% to European equities and 27% to emerging market equities.

Geopolitical risk, failure in the economic recovery and interest rate movements are perceived as the main risks for investors. However, at the time of questioning, only 34% of the respondents expected a Greek exit from the eurozone over the course of 2015, and even fewer, just 9%, believed that Great Britain would exit the EU under the new government.

The survey was completed by 78 institutional investors and financial intermediaries attending our event.

PERFORMANCE REVIEW

Performance review

GROUP FINANCIAL RESULTS

H1 2015 VS H2 2014

Operating income for the first half of 2015 totalled CHF 303.6 million compared to CHF 316.1 million in the second half of 2014. This reflects a decline of CHF 7.7 million in 'other operating income', and of CHF 4.8 million in net fee and commission income.

Net fee and commission income declined 2% compared to the second half of 2014. This was entirely driven by lower net management fees and commissions, more than offsetting the improvement in performance fees. Performance fees climbed from CHF 31.0 million in the second half of 2014 to CHF 44.1 million – an increase of 42% – with strong contributions from global macro and select fixed income strategies as well as from our Julius Baer-branded non-directional European equity strategy. Performance fees from the GAM-branded non-directional equity range remained solid, although they were lower than in the second half of 2014.

Net management fees and commissions declined 6%, reflecting reduced average asset levels (due to the currency impact described in the sidebar on page 24) and a decrease in net margins in our investment management business. The latter were largely impacted by a change in the overall product and client mix of assets under management.

Other operating income – which includes the impact of foreign exchange movements, gains and losses on seed capital investments as well as recurring fund-related fees and service charges – was CHF 1.8 million, compared to CHF 9.5 million in the second half of 2014. The decline was driven by lower fee income from services rendered to our funds, as well as the absence of seed capital gains and foreign exchange gains, which contributed to income in the second half of 2014. It further reflects negative interest charges on our cash deposits in the first half of 2015.

HOW WE REPORT OUR RESULTS

To give our investors transparency on the value drivers of our business, we provide **key performance indicators** (KPIs) for the Group as a whole and additional **business metrics** covering our two distinct activities. First, the management and distribution of investment strategies under our own brands; and second, the development and operation of outsourcing services on behalf of third parties. As these activities – investment management and private labelling – have fundamentally different value propositions and economics, we discuss business developments and metrics along these two areas individually.

At the Group level, our disclosure consists in a consolidated income statement and balance sheet reported in accordance with International Financial Reporting Standards (IFRS). The discussion and analysis of our financial results focuses on our **underlying net profit**, which excludes certain items from the IFRS result. The adjustments are related to specific non-recurring events or non-cash charges that are indicative neither of the underlying performance of our business nor of its future growth potential. The underlying net profit also reflects our internal approach to analysing our results and managing the Group. Where applicable, the Group's KPIs are also disclosed and discussed on this basis.

We release interim management statements for the first and third quarter, with updates on assets under management. The full set of our financial results, including audited Consolidated

GROUP INCOME STATEMENT

	H1 2015 CHF M	H2 2014 CHF M	H1 2014 CHF M	CHANGE FROM H2 2014 IN %	CHANGE FROM H1 2014 IN %
Net management fees and commissions	257.7	275.6	267.3	-6	-4
Net performance fees	44.1	31.0	34.9	42	26
Net fee and commission income	**301.8**	**306.6**	**302.2**	**-2**	**0**
Other operating income	1.8	9.5	5.2	-81	-65
Operating income	**303.6**	**316.1**	**307.4**	**-4**	**-1**
Personnel expenses	145.2	152.1	141.1	-5	3
General expenses	52.6	56.1	49.7	-6	6
Depreciation and amortisation	4.3	4.3	3.5	0	23
Operating expenses	**202.1**	**212.5**	**194.3**	**-5**	**4**
Underlying profit before taxes	**101.5**	**103.6**	**113.1**	**-2**	**-10**
Underlying income tax expenses	20.3	19.5	20.0	4	2
Underlying net profit[1]	**81.2**	**84.1**	**93.1**	**-3**	**-13**

[1] The underlying net profit for H1 2015 excludes the amortisation of customer relationships of CHF 0.3 million. Including this item, the Group's IFRS net profit for H1 2015 was CHF 80.9 million. The underlying net profit for 2014 excludes the adjustment of the GAM Lugano deferred liability of CHF 5.9 million (H2 2014: CHF 5.9 million, H1 2014: none) and the impairment of investments of CHF 2.3 million (H2 2014: none, H1 2014: CHF 2.3 million). Including these items, the Group's IFRS net profit for 2014 was CHF 169.0 million (H2 2014: CHF 78.2 million, H1 2014: CHF 90.8 million).

Financial Statements, is provided annually, where we discuss the developments in the year under review by comparing them with the prior twelve months. The half-year report, which includes a performance review and unaudited Condensed Interim Consolidated Financial Statements, aims to give an update on the developments during the first six months of the year. Developments in assets under management and balance sheet items are discussed in comparison to the end of the prior financial year, while movements in the income statement and profits are analysed in comparison to the previous six-month period (second half of the prior year) as well as year-on-year (compared to the first half of the prior year).

Group key performance indicators (KPIs):
- Basic earnings per share
- Cost/income ratio
- Net cash
- Tangible equity

Investment management business metrics:
- Net fee and commission income
- Return on assets
- AuM (broken down by product type, client segment and currency)
- Net new money

Private labelling business metrics:
- Net fee and commission income
- Return on assets
- AuM (broken down by fund domicile and asset class)
- Net new money

IMPACT OF THE SWISS FRANC APPRECIATION IN JANUARY 2015

On 15 January 2015, the Swiss National Bank decided to discontinue its minimum exchange rate policy of CHF 1.20 against the euro. This resulted in a significant strengthening of the Swiss franc against almost all currencies, but particularly the euro.

As previously communicated, approximately 70% of our Group's assets under management and almost 90% of our operating income are denominated in foreign currencies. During the first half of 2015, therefore, the strengthening of the Swiss franc has substantially affected a large part of our operating income.

The impact was particularly pronounced in investment management, where foreign currencies account for 83% of assets under management. Here, the Swiss franc appreciation in the first six months of 2015 reduced our assets under management level by CHF 5.4 billion. The currency effect on private labelling assets was less pronounced, at CHF 1.9 billion.

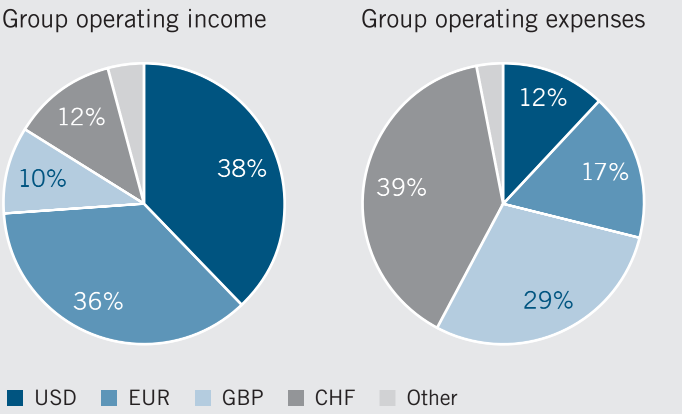
Given our international presence and business activities, approximately 60% of operating expenses are incurred in foreign currencies. This has acted as a natural buffer and greatly reduces our exposure to currency translation adjustments, although they were not entirely eliminated.

We have analysed how our results for the first half of 2015 would have developed, on a pro-forma basis, if year-end 2014 foreign exchange rates would have prevailed throughout the first half of 2015. On this pro-forma basis, we have estimated that

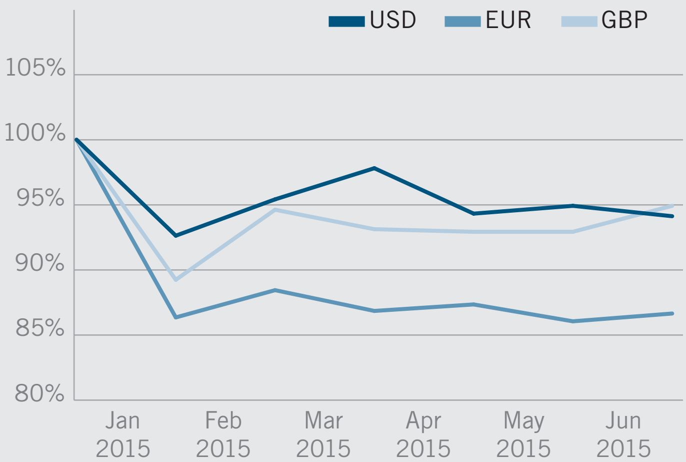
- operating income would have amounted to CHF 329 million (CHF 25 million higher than the reported figure)
- operating expenses would have amounted to CHF 213 million (CHF 11 million higher than the reported figure).

Hence, if foreign exchange rates had not changed from year-end 2014, operating income for the first half of 2015 would have increased approximately 4% and operating expenses would have been essentially flat compared to the second half of the previous year.

APPROXIMATE REVENUE & COST ANALYSIS : BY CURRENCY, H1 2015



CURRENCY MOVEMENTS



Operating expenses decreased by 5% compared to the second half of 2014, from CHF 212.5 million to CHF 202.1 million. Personnel expenses declined by 5% and general expenses by 6%, aided by the positive impact of currency movements (see sidebar on page 24).

Personnel expenses were CHF 145.2 million. Accruals for variable compensation declined in line with lower net management fees and commissions. Salary costs and other personnel expenses also fell, despite a small increase in headcount. This was partly offset by higher charges for share-based compensation plans and an increase in related social security expenses (driven by the appreciation of our share price).

General expenses were CHF 52.6 million, as costs were controlled across all categories.

For the first half of 2015, we report a **cost/income ratio** of 66.6%. While this is just above our mid-term target range of 60–65%, it represents an improvement from the ratio of 67.2% reported for the second half of 2014 and demonstrates our ability to align our cost base with revenue fluctuations.

Thanks to a reduction in operating expenses, **underlying profit before taxes** fell at a slower rate than operating income. It was 2% lower than in the previous six months, at CHF 101.5 million.

Our **underlying income tax expense** amounted to CHF 20.3 million. This compares to CHF 19.5 million in the second half of 2014, reflecting a change in the tax rate driven by changes in the geographic split of our earnings mix.

The 2% reduction in our pre-tax profit, coupled with higher tax expenses, led to a reduction in **underlying net profit** by CHF 2.9 million (3%) to CHF 81.2 million.

Basic earnings per share remained unchanged from the second half of 2014, at CHF 0.51, as the reduction in the number of shares outstanding through our buy-back activity compensated for the decline in underlying net profit. **Return on tangible equity** was 34.5% compared to 30.3% in the previous six months, with a decline in tangible equity more than offsetting the profit decrease.

Net profit according to IFRS was 3% higher, at CHF 80.9 million. This includes the non-cash amortisation of client relationships from Singleterry Mansley Asset Management and, for the second half of 2014, the adjustment of the deferred liability related to the acquisition of Arkos (now GAM Lugano) in 2012. Both items are not reflected in our underlying net profit.

H1 2015 VS H1 2014

Compared to the first half of 2014, **operating income** was 1% lower. Net fee and commission income was essentially flat, with an increase in performance fees offsetting a decline in net management fees and commissions. Performance fees rose by 26%. Higher fees from our global macro strategy, certain fixed income strategies and our non-directional equity range more than compensated for a significantly lower contribution from the unconstrained/absolute return bond fund.

Net management fees and commissions declined 4%. This was mainly driven by adverse foreign exchange movements – the euro against the Swiss franc rate, in particular, which year-on-year depreciated by 14%. A drop in return on asset margins in investment management, mainly due to movements in the overall product and client mix, also had a negative impact on net management fees and commissions.

Other operating income declined by CHF 3.4 million from the CHF 5.2 million reported in the first half of 2014, reflecting lower fee income from services rendered to our funds. It was further impacted by the effect of negative interest charges on cash deposits.

Operating expenses rose by 4% from the level recorded in the first six months of 2014. **Personnel expenses** went up 3%, or by CHF 4.1 million, reflecting higher levels of severance costs as well as expenses for share-based compensation plans and related social security expenses, mainly due to the increase in our share price. Furthermore, salaries and other personnel expenses increased following the addition of personnel (13 full-time equivalents). These developments were partly offset by an adjustment in bonus accruals and favourable foreign exchange movements.

General expenses were 6% higher, mainly reflecting a non-recurring credit of CHF 2.1 million recognised in the first half of 2014.

Compared to the first half of 2014, our **cost/income ratio** rose from 63.2% to 66.6%, and **underlying profit before taxes** declined by 10%, as expenses rose year-on-year, while revenues were essentially flat.

Our **tax rate** increased to 20.0% in the first half of 2015 from 17.7% in the same period a year earlier. Accordingly, **underlying net profit** declined by 13% from the CHF 93.1 million achieved in the first half of 2014. **Basic earnings per share** fell by CHF 0.06 from CHF 0.57, as the drop in net profits was only partly offset by a reduction in the number of shares outstanding through our buy-back activity. **Return on tangible equity** was 2.2 percentage points lower than last year's 36.7%.

Net profit according to IFRS declined by 11% compared to the first half of 2014.

RECONCILIATION OF UNDERLYING TO IFRS NET PROFIT

	H1 2015 CHF M	H2 2014 CHF M	H1 2014 CHF M
Underlying net profit	**81.2**	**84.1**	**93.1**
Amortisation of customer relationships	-0.3	-	-
Adjustment deferred liability GAM Lugano	-	-5.9	-
Impairment of investments[1]	-	-	-2.3
IFRS net profit	**80.9**	**78.2**	**90.8**

1 Reduction of the carrying value of the investment in QFS.

BALANCE SHEET

Total assets on 30 June 2015 stood at CHF 2,253.1 million, compared to CHF 2,370.7 million at the end of 2014. This includes goodwill and other intangible assets of CHF 1,372.5 million.

Cash and cash equivalents at the end of June 2015 amounted to CHF 504.3 million, down from CHF 643.9 million six months earlier. Strong operating cash flow generated from our business activities and the redemption of seed capital investments were more than offset by the dividend payment for the 2014 financial year (CHF 104.4 million), the repurchase of our own shares as part of our ongoing buy-back programme (CHF 24.7 million) and negative currency effects (CHF 26.6 million) from the strengthening of the Swiss franc.

Trade and other receivables rose from CHF 31.7 million to CHF 63.6 million. The increase includes a time deposit of CHF 10 million, which due to its original maturity did not qualify as cash and cash equivalents. A further CHF 27.0 million of the increase was due to our accounting policy of applying trade date versus settlement date accounting, which can result in a temporary inflation of receivables and payables.

Financial investments and assets held for sale predominantly represent our seed capital investments. The decrease over the first half of 2015 was driven by the redemption of several seed capital positions.

The CHF 44.6 million decline in **liabilities** is mainly due to lower accrued expenses following the payments of variable compensation for 2014 and a reduction in pension liabilities.

As in previous years, we have no financial debt.

GROUP BALANCE SHEET

	30.06.2015 CHF M	31.12.2014 CHF M	30.06.2014 CHF M	CHANGE FROM 31.12.2014 IN %	CHANGE FROM 30.06.2014 IN %
Cash and cash equivalents	504.3	643.9	533.0	-22	-5
Trade and other receivables	63.6	31.7	45.8	101	39
Accrued income and prepaid expenses	160.0	138.0	143.6	16	11
Financial investments	92.2	117.7	104.5	-22	-12
Assets held for sale	10.5	14.4	10.8	-27	-3
Current assets	**830.6**	**945.7**	**837.7**	**-12**	**-1**
Goodwill and other intangible assets	1,372.5	1,371.6	1,370.7	0	0
Other non-current assets	50.0	53.4	52.8	-6	-5
Non-current assets	**1,422.5**	**1,425.0**	**1,423.5**	**0**	**0**
Assets	**2,253.1**	**2,370.7**	**2,261.2**	**-5**	**0**
Trade and other payables	58.1	37.7	36.4	54	60
Accrued expenses and deferred income	199.5	249.3	203.4	-20	-2
Other current liabilities	29.9	32.3	33.1	-7	-10
Current liabilities	**287.5**	**319.3**	**272.9**	**-10**	**5**
Pension liabilities	90.9	96.2	81.6	-6	11
Other non-current liabilities	31.8	39.3	33.3	-19	-5
Non-current liabilities	**122.7**	**135.5**	**114.9**	**-9**	**7**
Liabilities	**410.2**	**454.8**	**387.8**	**-10**	**6**
Share capital	8.3	8.3	8.3	0	0
Treasury shares	-100.7	-81.9	-62.5	23	61
Other equity components	1,935.3	1,989.5	1,927.6	-3	0
Equity	**1,842.9**	**1,915.9**	**1,873.4**	**-4**	**-2**
Liabilities and equity	**2,253.1**	**2,370.7**	**2,261.2**	**-5**	**0**
Tangible equity[1]	470.4	540.6	501.3	-13	-6

[1] Equity excluding non-controlling interests, goodwill and other intangible assets.

CAPITAL MANAGEMENT

Total equity as at 30 June 2015 amounted to CHF 1,842.9 million. Excluding goodwill and other intangible assets, our **tangible equity** stood at CHF 470.4 million, compared to CHF 540.6 million at year-end 2014. This decrease was driven by the dividend payment for the 2014 financial year and, to a lesser extent, our share buy-back activity in the first half of 2015, adverse currency effects (CHF 15.7 million) from the strengthening of the Swiss franc and an adjustment in pension fund liabilities (recognised in other comprehensive income). It was partly offset by the net profit generated during the reporting period.

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.

On 30 June 2015, our holding of own shares of 6.4 million was equivalent to 3.9% of shares issued. Of these shares, 1.8 million were bought back over the regular trading line at the SIX Swiss Exchange (first trading line) and held to cover our obligations under our share-based compensation plans. Over the first half of 2015, this position decreased by 0.4 million shares. The remaining 4.6 million shares were repurchased over a second trading line at the SIX Swiss Exchange under our buy-back programmes. These shares are earmarked for cancellation.

SHARE BUY-BACK PROGRAMME 2014–2017

Our share buy-back programme with the purpose of capital reduction started on 28 April 2014, following the expiration of its predecessor. It allows for the repurchase of up to 16.7 million shares over a maximum period of three years. The share buy-backs are executed over a second trading line at the SIX Swiss Exchange, where GAM acts as sole buyer, and are funded from the Group's substantial cash flows. Over the first half of 2015, we bought back 1.4 million shares under this scheme, at an average share price of CHF 17.97, representing a total value of CHF 24.7 million.

RECENT CORPORATE ACTIONS

After receiving shareholder approval at the AGM on 30 April 2015, we paid an annual dividend for the 2014 financial year of CHF 0.65 per share, resulting in a total payment to shareholders of CHF 104.4 million. The distribution was made from contributed capital reserves and was exempt from Swiss withholding tax of 35% as well as from income tax for private investors who are resident in Switzerland.

At the same AGM, our shareholders approved the cancellation of 3,267,000 shares repurchased under our share buy-back programmes during 2014. These shares were cancelled on 15 July 2015.

TREASURY SHARES

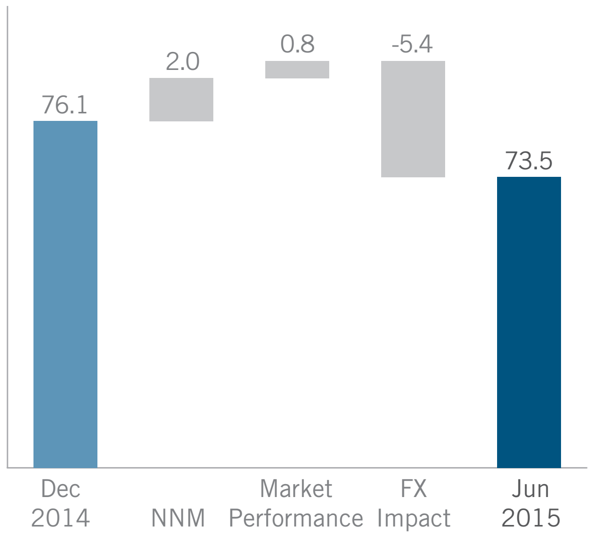
	30.06.2015	31.12.2014
Shares issued	**166,661,731**	**166,661,731**
Treasury shares held as a hedge for share-based compensation plans	-1,791,772	-2,176,444
Treasury shares bought back for cancellation (2011–2014 programme)	-1,227,000	-1,227,000
Treasury shares bought back for cancellation (2014–2017 programme)	-3,415,000	-2,040,000
Shares outstanding	**160,227,959**	**161,218,287**

INVESTMENT MANAGEMENT RESULTS

REVENUES AND RETURN ON ASSETS

For the first half of 2015, the overall **return on assets** in investment management was 76.4 basis points, compared to 76.2 basis points in the second half of 2014. Average assets under management and overall net fee and commission income were 2% lower, as the positive revenue contribution from net new money inflows and market performance was more than offset by the adverse impact of the strengthening of the Swiss franc. Excluding performance fees, return on assets fell by 3.5 basis points to 64.4 basis points, mainly reflecting a change in the overall product and client mix of assets under management. Combined with foreign exchange effects, this movement drove net management fees and commissions down by 7% to CHF 236.9 million. Performance fees were CHF 44.1 million, up CHF 13.1 million, with strong contributions from global macro and certain fixed income strategies as well as from our Julius Baer-branded non-directional European equity strategy. Performance fees from the GAM-branded non-directional equity range remained solid, although lower than in the second half of 2014.

INVESTMENT MANAGEMENT : AUM DEVELOPMENT (IN CHF BN)



INVESTMENT MANAGEMENT : KEY FIGURES

	H1 2015	H2 2014	H1 2014	CHANGE FROM H2 2014 IN %	CHANGE FROM H1 2014 IN %
Net management fees and commissions (CHF m)	236.9	255.7	245.9	-7	-4
Net performance fees (CHF m)	44.1	31.0	34.9	42	26
Net fee and commission income (CHF m)	**281.0**	**286.7**	**280.8**	**-2**	**0**
Assets under management at the end of the period (CHF bn)	73.5	76.1	73.4	-3	0
Average assets under management (CHF bn)	73.6	75.3	70.6	-2	4
Net new money (CHF bn)	2.0	1.1	1.3	82	54
Return on assets (bps)[1]	76.4	76.2	79.5	0	-4
Return on assets - excluding performance fees (bps)[1]	64.4	67.9	69.6	-5	-7

[1] Annualised.

Compared to the first half of 2014, return on assets declined by 3.1 basis points. Excluding performance fees, it was 5.2 basis points lower. While net new money inflows and market performance drove asset levels up, net management fees and commissions declined by 4%, again reflecting a change in the overall product and client mix. Performance fees rose by 26%, as higher fees from across our range of eligible strategies more than compensated for a lower contribution from the unconstrained/absolute return bond fund.

ASSETS UNDER MANAGEMENT AND NET NEW MONEY

Assets under management for the investment management business as at 30 June 2015 amounted to CHF 73.5 billion, compared to CHF 76.1 billion at year-end 2014. The reduction was entirely driven by foreign exchange movements, since assets in investment management are reported in Swiss francs but largely denominated in other currencies. The appreciation of our reporting currency over the first half of 2015 had a negative effect of CHF 5.4 billion. This was partly offset by positive market performance of CHF 0.8 billion and solid **net new money inflows** of CHF 2.0 billion.

Net new money growth was particularly strong from March 2015 onwards. An important contribution came from specialist **fixed income** strategies, in particular the GAM-branded credit opportunities and catastrophe bond strategies as well as the Julius Baer-branded European total return strategy. A shift in demand from traditional to higher-yielding bond allocations benefited our mortgage-backed securities capability derived from the acquisition of the Singleterry Mansley business in 2014: the UCITS version of their strategy, launched in July 2014, more than tripled in size during the first half of 2015. Emerging market debt, on the other hand, continued to be affected by volatile market sentiment, leading to small net outflows in our Julius Baer-branded strategy investing in local currency bonds. With its performance track record and growing support from investment consultants, however, the fund is well positioned to benefit when the current US dollar strength abates.

Net flows into our unconstrained/**absolute return** bond strategy turned positive in the first half of 2015, following a marked improvement in absolute and relative investment performance since the beginning of the year. It is now evident that the team's early call on European rates, shorting duration, was the right positioning. During the first six months of 2015, resilient inflows from global institutional clients more than compensated for the redemptions from financial intermediaries resulting from the strategy's weak performance in 2014.

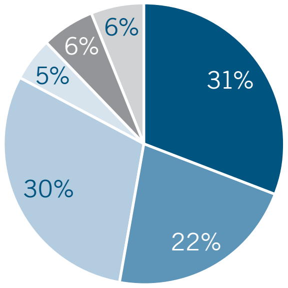
Other absolute return products achieved ongoing strong net new money inflows, in particular our GAM-branded global macro strategy and the European long/short strategy distributed under the Julius Baer Funds brand.

INVESTMENT PERFORMANCE BY PRODUCT BRAND[1]

% OF AUM IN FUNDS OUTPERFORMING THEIR BENCHMARK OVER THREE YEARS	TOTAL	ABSOLUTE RETURN	EQUITY	FIXED INCOME	ALTERNATIVE INVESTMENTS SOLUTIONS
GAM	**86%**	95%	65%	100%	84%
Julius Baer Funds	**80%**	100%	73%	64%	n/a
Total funds	**83%**	**97%**	**68%**	**76%**	**84%**

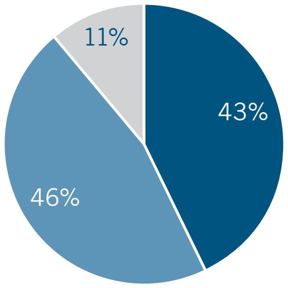
[1] Excludes mandates, segregated accounts and Julius Baer-branded multi-asset funds.

AUM BY PRODUCT TYPE : CHF 73.5 BN : AS AT 30 JUNE 2015



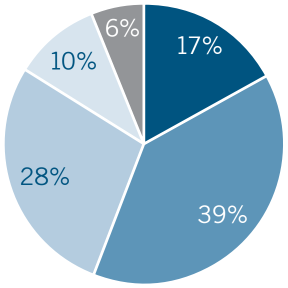
	30.06.2015	31.12.2014	30.06.2014
Fixed income	31%	31%	30%
Equity	22%	21%	20%
Absolute return single manager	30%	29%	31%
Commodities	5%	5%	6%
Alternative investments solutions	6%	7%	7%
Discretionary & advisory portfolios	6%	7%	6%

AUM BY CLIENT SEGMENT : CHF 73.5 BN : AS AT 30 JUNE 2015



	30.06.2015	31.12.2014	30.06.2014
Intermediaries	43%	43%	45%
Institutional clients	46%	45%	44%
Private clients	11%	12%	11%

AUM BY CURRENCY : CHF 73.5 BN : AS AT 30 JUNE 2015



	30.06.2015	31.12.2014	30.06.2014
CHF	17%	18%	18%
USD	39%	40%	37%
EUR	28%	29%	33%
GBP	10%	9%	9%
Other	6%	4%	3%

Flows into directional **equity** products were largely flat. While the Julius Baer-branded Japan strategy saw significant inflows, other equity funds experienced net outflows, in particular GAM's US and Chinese equity strategies. Launched in 2007, GAM's Chinese equity strategy is one of the largest and most competitive in the market. Amidst recent volatility, the fund still experienced significant gross inflows and largely retained its strong relative and absolute performance.

Redemptions from our physical gold ETF slowed during the first half of 2015. They were more than offset by net inflows into our Julius Baer-branded long-only **commodities** strategy.

Our **alternative investments solutions** reported net outflows for the six-month period, reflecting negative industry trends affecting traditional fund of hedge funds strategies.

In our **multi-asset class capability**, client flows into the risk-rated model portfolios offered to independent financial advisers remained strong, while net new money from Continental European institutions rose compared to 2014. These positive developments more than offset redemptions from private clients of our previous captive channels (UBS and Julius Baer).

AUM BREAKDOWNS INVESTMENT MANAGEMENT

Our AuM breakdowns are designed to provide transparency on the breadth of our business and the level of cooperation across the entities in our Group:

Breakdown **by product type** highlights the asset classes and investment solutions we offer. Equity includes only directional strategies. Fixed income encompasses traditional as well as specialised strategies (such as catastrophe bonds and emerging markets), which represent around half of the assets, and a small proportion of money market funds. Absolute return single manager covers our alternative strategies across all asset classes. Commodities are dominated by our Julius Baer-branded ETF range investing in physical metals. Alternative investments solutions cover portfolios of third-party hedge funds, which we increasingly offer in the form of customised solutions. Discretionary & advisory portfolios represents assets managed for private clients or their advisers, as part of our multi-asset class solutions (MACS) capability.

Breakdown **by client segment** shows the clients we serve – mainly wholesale intermediaries and institutions.

Breakdown **by currency** shows the split of our assets under management into the different currencies of our underlying funds and mandates.

Total assets under management include all assets that generate a management fee for the Group. As at 30 June 2015, CHF 5.9 billion of assets are **double-counted**. They represent assets reinvested in our own funds, where we perform an additional level of investment management services for our clients, including advisory or discretionary management, and for which we earn an additional management fee.

PRIVATE LABELLING RESULTS

REVENUES AND RETURN ON ASSETS

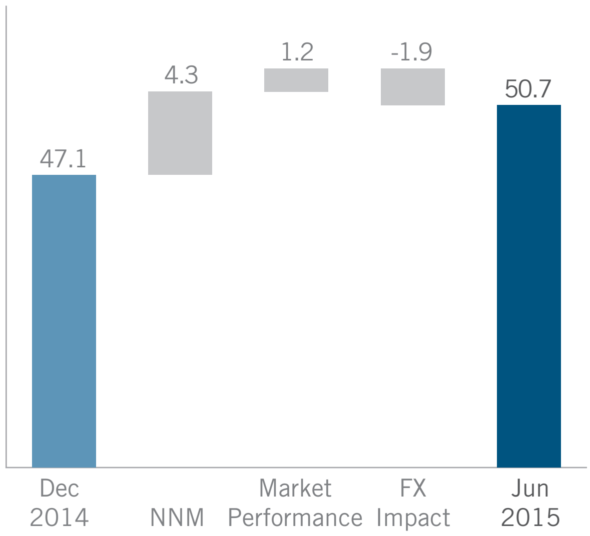
Return on assets in private labelling was 8.4 basis points for the first half of 2015, unchanged from the second half of 2014, but less than the 9.3 basis points reported for the first six months of the previous year.

Average assets under management grew 4% from the second half of 2014, while net management fees and commissions rose 5%. Compared to a year earlier, average assets rose 8%, but net management fees and commissions declined by 3%, reflecting a contraction in higher-margin assets.

ASSETS UNDER MANAGEMENT AND NET NEW MONEY

Assets under management in private labelling were CHF 50.7 billion as at 30 June 2015, up CHF 3.6 billion from year-end 2014, driven by net new money inflows (CHF 4.3 billion) and the positive impact of market performance (CHF 1.2 billion). Foreign exchange movements had a negative impact of CHF 1.9 billion, due to the strengthening of the Swiss franc.

PRIVATE LABELLING : AUM DEVELOPMENT (IN CHF BN)



Net new money inflows of CHF 4.3 billion were recorded during the first half of 2015. They were driven by new mandate wins in Switzerland and Italy, and represent a successful rebound from the net outflows seen in 2014, offsetting outflows in offshore and Swiss-domiciled funds.

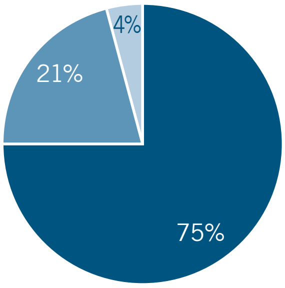
While private labelling client relationships are generally long-term, asset flows from new or lost mandates in any period can be somewhat concentrated. These fluctuations, however, do not have a material impact on private labelling revenues, which are well diversified, and the Group's profitability.

PRIVATE LABELLING : KEY FIGURES

	H1 2015	H2 2014	H1 2014	CHANGE FROM H2 2014 IN %	CHANGE FROM H1 2014 IN %
Net management fees and commissions (CHF m)	20.8	19.9	21.4	5	-3
Net performance fees (CHF m)	-	-	-	-	-
Net fee and commission income (CHF m)	**20.8**	**19.9**	**21.4**	**5**	**-3**
Assets under management at the end of the period (CHF bn)	50.7	47.1	46.2	8	10
Average assets under management (CHF bn)	49.5	47.5	45.8	4	8
Net new money (CHF bn)	4.3	-0.7	-0.1	-	-
Return on assets (basis points)[1]	8.4	8.4	9.3	0	-10

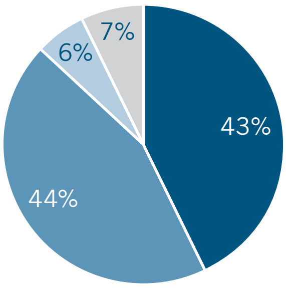
[1] Annualised.

AUM BY FUND DOMICILE : CHF 50.7 BN : AS AT 30 JUNE 2015



	30.06.2015	31.12.2014	30.06.2014
Switzerland	75%	75%	77%
Luxembourg	21%	19%	17%
Other	4%	6%	6%

AUM BY ASSET CLASS : CHF 50.7 BN : AS AT 30 JUNE 2015



	30.06.2015	31.12.2014	30.06.2014
Fixed income	43%	43%	43%
Equity	44%	43%	42%
Money market	6%	7%	9%
Alternative	7%	7%	6%

AUM BREAKDOWNS PRIVATE LABELLING

As part of our disclosure, we provide breakdowns on the **domicile** and the **asset classes** of the funds we set up and operate for our private labelling partners.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Condensed consolidated income statement

	H1 2015 CHF M	H2 2014 CHF M	H1 2014 CHF M	CHANGE FROM H2 2014 IN %	CHANGE FROM H1 2014 IN %
Fee and commission income	491.2	519.3	491.0	-5	0
Distribution, fee and commission expenses	-233.5	-243.7	-223.7	-4	4
Net management fees and commissions	**257.7**	**275.6**	**267.3**	**-6**	**-4**
Net performance fees	44.1	31.0	34.9	42	26
Net fee and commission income	**301.8**	**306.6**	**302.2**	**-2**	**0**
Other operating income	1.8	5.7	5.2	-68	-65
Operating income	**303.6**	**312.3**	**307.4**	**-3**	**-1**
Personnel expenses	145.2	154.2	141.1	-6	3
General expenses	52.6	56.1	49.7	-6	6
Depreciation and amortisation	4.6	4.3	3.5	7	31
Impairments	-	-	2.3	-	-100
Operating expenses	**202.4**	**214.6**	**196.6**	**-6**	**3**
Profit before taxes	**101.2**	**97.7**	**110.8**	**4**	**-9**
Income tax expenses	20.3	19.5	20.0	4	2
Net profit	**80.9**	**78.2**	**90.8**	**3**	**-11**
Net profit attributable to:					
- the shareholders of the Company	80.9	76.0	89.8	6	-10
- non-controlling interests	-	2.2	1.0	-100	-100
	80.9	**78.2**	**90.8**	**3**	**-11**
Earnings per share					
Basic earnings per share	0.50	0.47	0.55	6	-9
Diluted earnings per share	0.50	0.47	0.55	6	-9

Condensed consolidated statement of comprehensive income

	H1 2015 CHF M	H2 2014 CHF M	H1 2014 CHF M	CHANGE FROM H2 2014 IN %	CHANGE FROM H1 2014 IN %
Net profit	**80.9**	**78.2**	**90.8**	**3**	**-11**
Remeasurements of pension liabilities	-10.2	-10.3	-8.2	-	-
Items that will not be reclassified subsequently to the income statement, net of taxes	**-10.2**	**-10.3**	**-8.2**	**-**	**-**
Net gains/(losses) on financial assets available-for-sale	-	3.0	1.5	-	-
Net (gains)/losses on financial assets available-for-sale reclassified to the income statement	-0.6	-6.2	0.1	-	-
Translation differences	-15.7	3.9	1.5	-	-
Items that may be reclassified subsequently to the income statement, net of taxes	**-16.3**	**0.7**	**3.1**	**-**	**-**
Other comprehensive income, net of taxes	**-26.5**	**-9.6**	**-5.1**	**-**	**-**
Total comprehensive income	**54.4**	**68.6**	**85.7**	**-21**	**-37**
Total comprehensive income attributable to:					
- the shareholders of the Company	54.4	66.4	84.7	-18	-36
- non-controlling interests	-	2.2	1.0	-100	-100
	54.4	**68.6**	**85.7**	**-21**	**-37**

Condensed consolidated balance sheet

	30.06.2015 CHF M	31.12.2014 CHF M	CHANGE IN %
Cash and cash equivalents	504.3	643.9	-22
Trade and other receivables	63.6	31.7	101
Accrued income and prepaid expenses	160.0	138.0	16
Financial investments	92.2	117.7	-22
Assets held for sale	10.5	14.4	-27
Current assets	**830.6**	**945.7**	**-12**
Financial investments and other financial assets	2.9	3.0	-3
Deferred tax assets	31.0	32.4	-4
Property and equipment	16.1	18.0	-11
Goodwill and other intangible assets	1,372.5	1,371.6	0
Non-current assets	**1,422.5**	**1,425.0**	**0**
Assets	**2,253.1**	**2,370.7**	**-5**

Condensed consolidated balance sheet *(continued)*

	30.06.2015 CHF M	31.12.2014 CHF M	CHANGE IN %
Trade and other payables	58.1	37.7	54
Other financial liabilities	1.9	1.7	12
Accrued expenses and deferred income	199.5	249.3	-20
Current tax liabilities	26.6	30.2	-12
Liabilities held for sale	1.4	0.4	250
Current liabilities	**287.5**	**319.3**	**-10**
Financial liabilities	28.5	35.6	-20
Provisions	3.3	3.7	-11
Pension liabilities	90.9	96.2	-6
Non-current liabilities	**122.7**	**135.5**	**-9**
Liabilities	**410.2**	**454.8**	**-10**
Share capital	8.3	8.3	0
Capital reserves	1,218.6	1,323.0	-8
Retained earnings	814.5	744.3	9
Other components of equity	-97.8	-81.5	20
Treasury shares	-100.7	-81.9	23
Equity attributable to the shareholders of the Company	**1,842.9**	**1,912.2**	**-4**
Non-controlling interests	-	3.7	-100
Equity	**1,842.9**	**1,915.9**	**-4**
Liabilities and equity	**2,253.1**	**2,370.7**	**-5**

Condensed consolidated statement of changes in equity

	SHARE CAPITAL CHF M	CAPITAL RESERVES CHF M
Balance at 1 January 2014	**8.7**	**1,537.4**
Net profit	-	-
Remeasurements of pension liabilities	-	-
Net gains/(losses) on financial assets available-for-sale	-	-
Net (gains)/losses on financial assets available-for-sale reclassified to the income statement	-	-
Translation differences	-	-
Other comprehensive income, net of taxes	**-**	**-**
Total comprehensive income	**-**	**-**
Capital reduction	-0.4	-108.9
Dividends paid	-	-105.5
Share-based payment transactions	-	-
Acquisitions of own shares and derivatives on own shares	-	-
Disposals of own shares and derivatives on own shares	-	-
Balance at 30 June 2014	**8.3**	**1,323.0**
Net profit	-	-
Remeasurements of pension liabilities	-	-
Net gains/(losses) on financial assets available-for-sale	-	-
Net (gains)/losses on financial assets available-for-sale reclassified to the income statement	-	-
Translation differences	-	-
Other comprehensive income, net of taxes	**-**	**-**
Total comprehensive income	**-**	**-**
Share-based payment transactions	-	-
Acquisitions of own shares and derivatives on own shares	-	-
Disposals of own shares and derivatives on own shares	-	-
Balance at 31 December 2014	**8.3**	**1,323.0**
Net profit	-	-
Remeasurements of pension liabilities	-	-
Net gains/(losses) on financial assets available-for-sale	-	-
Net (gains)/losses on financial assets available-for-sale reclassified to the income statement	-	-
Translation differences	-	-
Other comprehensive income, net of taxes	**-**	**-**
Total comprehensive income	**-**	**-**
Dividends paid	-	-104.4
Acquisition of non-controlling interests	-	-
Share-based payment transactions	-	-
Acquisitions of own shares and derivatives on own shares	-	-
Disposals of own shares and derivatives on own shares	-	-
Balance at 30 June 2015	**8.3**	**1,218.6**

	OTHER COMPONENTS OF EQUITY					
RETAINED EARNINGS CHF M	FINANCIAL ASSETS 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	NON-CONTROLLING INTERESTS CHF M	**EQUITY** CHF M
599.4	**1.6**	**-86.9**	**-145.5**	**1,914.7**	**5.0**	**1,919.7**
89.8	-	-	-	**89.8**	1.0	**90.8**
-8.2	-	-	-	**-8.2**	-	**-8.2**
-	1.5	-	-	**1.5**	-	**1.5**
-	0.1	-	-	**0.1**	-	**0.1**
-	-	1.5	-	**1.5**	-	**1.5**
-8.2	**1.6**	**1.5**	**-**	**-5.1**	**-**	**-5.1**
81.6	**1.6**	**1.5**	**-**	**84.7**	**1.0**	**85.7**
15.7	-	-	93.6	**-**	-	**-**
-	-	-	-	**-105.5**	-4.5	**-110.0**
0.7	-	-	-	**0.7**	-	**0.7**
-	-	-	-22.7	**-22.7**	-	**-22.7**
-12.1	-	-	12.1	**-**	-	**-**
685.3	**3.2**	**-85.4**	**-62.5**	**1,871.9**	**1.5**	**1,873.4**
76.0	-	-	-	**76.0**	2.2	**78.2**
-10.3	-	-	-	**-10.3**	-	**-10.3**
-	3.0	-	-	**3.0**	-	**3.0**
-	-6.2	-	-	**-6.2**	-	**-6.2**
-	-	3.9	-	**3.9**	-	**3.9**
-10.3	**-3.2**	**3.9**	**-**	**-9.6**	**-**	**-9.6**
65.7	**-3.2**	**3.9**	**-**	**66.4**	**2.2**	**68.6**
3.9	-	-	-	**3.9**	-	**3.9**
-	-	-	-30.0	**-30.0**	-	**-30.0**
-10.6	-	-	10.6	**-**	-	**-**
744.3	**-**	**-81.5**	**-81.9**	**1,912.2**	**3.7**	**1,915.9**
80.9	-	-	-	**80.9**	-	**80.9**
-10.2	-	-	-	**-10.2**	-	**-10.2**
-	-	-	-	**-**	-	**-**
-	-0.6	-	-	**-0.6**	-	**-0.6**
-	-	-15.7	-	**-15.7**	-	**-15.7**
-10.2	**-0.6**	**-15.7**	**-**	**-26.5**	**-**	**-26.5**
70.7	**-0.6**	**-15.7**	**-**	**54.4**	**-**	**54.4**
-	-	-	-	**-104.4**	-3.3	**-107.7**
0.4	-	-	-	**0.4**	-0.4	**-**
5.0	-	-	-	**5.0**	-	**5.0**
-	-	-	-24.7	**-24.7**	-	**-24.7**
-5.9	-	-	5.9	**-**	-	**-**
814.5	**-0.6**	**-97.2**	**-100.7**	**1,842.9**	**-**	**1,842.9**

Condensed consolidated statement of cash flows

	H1 2015 CHF M	H2 2014 CHF M	H1 2014 CHF M
Cash and cash equivalents at the beginning of the period	643.9	533.0	592.6
Cash flow from operating activities	32.2	137.6	74.3
Cash flow from investing activities	-6.4	-2.7	-4.2
Cash flow from financing activities	-138.8	-30.0	-132.7
Effects of exchange rate changes on cash and cash equivalents	-26.6	6.0	3.0
Cash and cash equivalents at the end of the period	**504.3**	**643.9**	**533.0**

Cash flow from operating activities includes the following:

	H1 2015 CHF M	H2 2014 CHF M	H1 2014 CHF M
Net profit	80.9	78.2	90.8
Non-cash items included in net profit and other adjustments	6.1	2.0	7.5
Net increase/decrease in operating assets and liabilities:			
- Financial investments and other financial assets[1]	30.3	-14.6	5.5
- Net increase/decrease in other operating assets and liabilities (including taxes and interest)	-85.1	72.0	-29.5
Cash flow from operating activities	**32.2**	**137.6**	**74.3**

[1] This line item includes the changes in liabilities held for sale (which form a disposal group together with the assets held for sale)

Cash flow from financing activities includes the following:

	H1 2015 CHF M	H2 2014 CHF M	H1 2014 CHF M
Dividends paid to shareholders of the Company	-104.4	-	-105.5
Dividends paid to non-controlling interests	-3.3	-	-4.5
Acquisition of non-controlling interests	-6.4	-	-
Purchase of treasury shares	-24.7	-30.0	-22.7
Cash flow from financing activities	**-138.8**	**-30.0**	**-132.7**

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 2015 comprise those of GAM Holding AG and all its subsidiaries (together referred to as the Group) including structured entities under control 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 2014, 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.

The following exchange rates were used for the major currencies:

	PERIOD-END EXCHANGE RATES		AVERAGE EXCHANGE RATES FOR THE PERIOD [1]		
	30.06.2015	31.12.2014	**H1 2015**	H2 2014	H1 2014
USD/CHF	0.9346	0.9937	0.9424	0.9500	0.8885
EUR/CHF	1.0413	1.2024	1.0450	1.2066	1.2184
GBP/CHF	1.4698	1.5494	1.4396	1.5339	1.4899

[1] Average calculated with six month-end values (January to June for H1 2015 and H1 2014, July to December for H2 2014).

3. SIGNIFICANT ACCOUNTING POLICIES

These Condensed Interim Consolidated Financial Statements were prepared on the basis of accounting policies and valuation principles consistent with those used in the Consolidated Financial Statements as at and for the year ended 31 December 2014.

4. NOTES TO SELECTED INCOME STATEMENT ITEMS

EARNINGS VOLATILITY

Management fees are recognised throughout the period and can vary, among other things, due to fluctuations in the levels of assets under management. Performance fees, however, are only recognised if performance hurdles have been achieved at certain defined dates. As a result, our earnings can be volatile and the income generated in the second half of the year may vary from that generated in the first half. Net performance fees in H1 2015 amounted to CHF 44.1 million (H2 2014: CHF 31.0 million, H1 2014: CHF 34.9 million).

5. NOTES TO SELECTED BALANCE SHEET ITEMS

TAX CHARGED OR CREDITED DIRECTLY TO EQUITY

Tax effects on share-based payments amounted to a tax credit to equity of CHF 1.2 million (H2 2014: tax credit of CHF 0.4 million, H1 2014: tax charge of CHF 1.2 million). In addition to the share-based payment expenses in the amount of CHF 3.8 million, these tax effects are included in the respective line item within equity (see condensed consolidated statement of changes in equity).

TREASURY SHARES

As at 30 June 2015, the Company held 6.4 million treasury shares. These consist of:

- 1.8 million treasury shares held to meet our obligation to deliver shares for the various share-based payment plans, all of which are expected to be net equity settled; and
- 4.6 million treasury shares acquired under the Company's share buy-back programmes. Of these, 3.3 million shares were cancelled on 15 July 2015 (see Note 7). The remaining 1.3 million shares plus any further repurchases conducted under the current programme throughout the year will be proposed for cancellation at the next Annual General Meeting.

FINANCIAL INSTRUMENTS – FAIR VALUE DETERMINATION

For financial investments whose prices are quoted in an active market, the fair value is derived directly from the quoted market prices.

For financial instruments for which quoted market prices are not directly available, fair values are estimated using valuation techniques or models based wherever possible on assumptions supported by observable market prices or rates existing at the balance sheet date.

For a small portion of financial instruments, neither quoted market prices nor valuation techniques or models based on observable market prices are available for determining the fair value. In these cases, fair value is estimated indirectly using valuation techniques or models based on reasonable assumptions reflecting market conditions.

These valuation techniques remained unchanged to those disclosed in the Consolidated Financial Statements as at and for the year ended 31 December 2014.

The carrying amount of the financial assets and liabilities, including cash, accruals, trade and other receivables and payables, and other financial assets and liabilities, approximates their fair value.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	LEVEL 1 CHF M	LEVEL 2 CHF M	LEVEL 3 CHF M	30.06.2015 **TOTAL** CHF M
Derivative financial instruments	-	1.0	-	**1.0**
Financial assets at fair value through profit or loss[1]	15.8	51.7	-	**67.5**
Financial assets available-for-sale	6.5	6.0	12.8	**25.3**
Financial assets measured at fair value	**22.3**	**58.7**	**12.8**	**93.8**
Derivative financial instruments	-	1.8	-	**1.8**
Financial liabilities at fair value through profit or loss[1]	1.4	-	34.8	**36.2**
Financial liabilities measured at fair value	**1.4**	**1.8**	**34.8**	**38.0**

	LEVEL 1 CHF M	LEVEL 2 CHF M	LEVEL 3 CHF M	31.12.2014 **TOTAL** CHF M
Derivative financial instruments	-	1.0	-	**1.0**
Financial assets at fair value through profit or loss[1]	5.7	83.2	-	**88.9**
Financial assets available-for-sale	-	20.2	14.3	**34.5**
Financial assets measured at fair value	**5.7**	**104.4**	**14.3**	**124.4**
Derivative financial instruments	-	1.7	-	**1.7**
Financial liabilities at fair value through profit or loss[1]	0.4	-	44.7	**45.1**
Financial liabilities measured at fair value	**0.4**	**1.7**	**44.7**	**46.8**

[1] These categories include the balance sheet line items ‘assets held for sale’ and ‘liabilities held for sale’ which contain the controlled funds’ direct investments into financial instruments in the amount of CHF 0.6 million (31 December 2014: CHF 5.7 million) and commodities in the amount of CHF 9.9 million (31 December 2014: CHF 8.7 million). All commodities are measured at fair value through profit or loss and categorised within level 1 of the fair value hierarchy.

The Group’s policy is to recognise transfers into and transfers out of the fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. As at 30 June 2015, financial assets in the amount of CHF 21.7 million (2014: none) were transfers from level 2 to level 1 due to more regularly occurring market transactions which now meet the definition of an active market.

The valuation methods used to determine the fair value of level 3 financial instruments are as follows:

- Financial assets available-for-sale are measured based on the latest available financial information applying the adjusted net asset method. If the Group is aware of other factors impacting the fair value, adjustments are made to best reflect the approximation of fair value.
- Financial liabilities at fair value through profit or loss are measured based on their contractual terms.

As in the prior year, no reasonably possible change in the inputs used in determining the fair value would cause the fair value of level 3 financial instruments to change significantly.

The following table presents the changes in level 3 financial instruments:

	FINANCIAL ASSETS AVAILABLE-FOR-SALE CHF M	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS CHF M
Balance at 1 January 2014	13.6	26.2
Acquisition of business	-	7.0
Disposals/settlements	-0.9	-
Total gains/losses:		
- in profit or loss	-0.1	2.3
- in other comprehensive income	-0.3	-
Balance at 30 June 2014	**12.3**	**35.5**
Disposals/settlements	-0.2	-
Total gains/losses:		
- in profit or loss	1.4	8.4
- in other comprehensive income	0.8	-
Translation differences	-	0.8
Balance at 31 December 2014	**14.3**	**44.7**
Disposals/settlements	-0.4	-11.8
Total gains/losses:		
- in profit or loss	-0.7	2.3
- in other comprehensive income	-0.4	-
Translation differences	-	-0.4
Balance at 30 June 2015	**12.8**	**34.8**

In H1 2015, net losses of CHF 3.0 million (H2 2014: net losses of CHF 7.0 million, H1 2014: net losses of CHF 2.4 million) included in profit or loss relate to financial instruments held at the end of the reporting period.

6. ADDITIONAL NOTES

2009 LONG-TERM INCENTIVE PLAN

In the first half of 2015, 1.0 million share options from the 2009 long-term incentive plan were exercised. The number of outstanding options as at 30 June 2015 was zero (31 December 2014: 1.0 million, 30 June 2014: 3.6 million).

SHARE PLAN FOR MEMBERS OF THE BOARD OF DIRECTORS

On 30 April 2015, the members of the Board of Directors were granted the right to receive an aggregate total of 42,349 shares at a fair value of CHF 21.25 per share (closing price on 29 April 2015). These rights will vest and be delivered on the day before the Company's 2016 Annual General Meeting, subject to certain conditions being met. Expenses are allocated over the relevant vesting period. In H1 2015, an expense of CHF 0.2 million was recognised.

7. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors approved these Condensed Interim Consolidated Financial Statements on 10 August 2015.

CAPITAL REDUCTION

On 15 July 2015, the Company executed the capital reduction resolved by its shareholders at the Company's Annual General Meeting on 30 April 2015 and cancelled 3,267,000 shares repurchased under its share buy-back programmes during 2014. The share capital of the Company now amounts to CHF 8,169,737 (163,394,731 registered shares at a par value of CHF 0.05 per share).

RESTRUCTURING OF OPERATIONS FUNCTION

To reduce internal complexity and increase efficiency, management decided to introduce a consistent operating model for the Group's investment management and private labelling businesses which will enable the Group's operations function to focus on the core parts of the value chain: supporting the portfolio management and client servicing activities.

The implementation of the new operating model requires several restructuring actions, including the outsourcing of middle office and fund accounting activities to a specialised external service provider, the alignment of the different portfolio management systems used by the investment teams to manage and execute trades as well as the development and deployment of an integrated fund database for the entire product range, which will serve as a source for all client and regulatory reporting.

The restructuring measures will start in the second half of 2015 and are anticipated to be completed by the end of 2016. As a result, the total number of jobs is estimated to be reduced by approximately 15% over the next 18 months across all locations. Overall, the costs associated with this restructuring project (including redundancy payments and the impairment of software) are expected to result in a charge of around CHF 13 million which will be recognised in the second half of 2015.

ACQUISITION OF RENSHAW BAY'S REAL ESTATE BUSINESS

On 9 August 2015, GAM (U.K.) Limited and GAM International Management Limited (together GAM), both wholly owned subsidiaries of GAM Holding AG, signed a definitive agreement with the shareholders of Renshaw Bay, a London-based independent asset management firm, to acquire its real estate finance business. The acquisition is expected to close in October 2015 (subject to customary approvals), when the investment management team of Renshaw Bay's real estate strategies together with the committed capital (currently approximately USD 1.2 billion), the related legal entities and contracts as well as all existing client relationships in the form of client agreements will be transferred to GAM.

The fair value of the total consideration transferred consists of an upfront cash payment and a contingent payment which will be settled over a period of five years. As the fair value of the total consideration transferred could not yet be reliably quantified and as the allocation of net assets acquired and the resulting goodwill could not yet be finally determined, this information will be provided on the occasion of the Group's consolidated financial statements as at 31 December 2015.

'FORWARD-LOOKING STATEMENTS'

This Half-Year 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.

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FURTHER INFORMATION

Our website provides further information on GAM, including share price data, details of our share buy-back programmes, media releases, historical financial information and an events calendar.

www.gam.com