viewpoint

Q1/2021

Cover Story

EQUITIES IN 2021:
STAY NIMBLE AND ACTIVE

GAM Investments

Marketing material for professional investors

EDITORIAL

Joss Mitchell
Co-Head Private Clients & Charities

Arun Shetty
Co-Head Private Clients & Charities

Dear readers,

2020 was a year to forget in many ways and we hope 2021 brings more cheer. Much rests on the effectiveness of the Covid-19 vaccine rollout; hopefully this will help the world return to some sort of normality.

Nevertheless, there were plenty of positive investment stories over the course of last year and there are reasons to be optimistic for the remainder of this year. For more of our thoughts on what we think may happen in 2021 please visit our Outlook 2021 content.

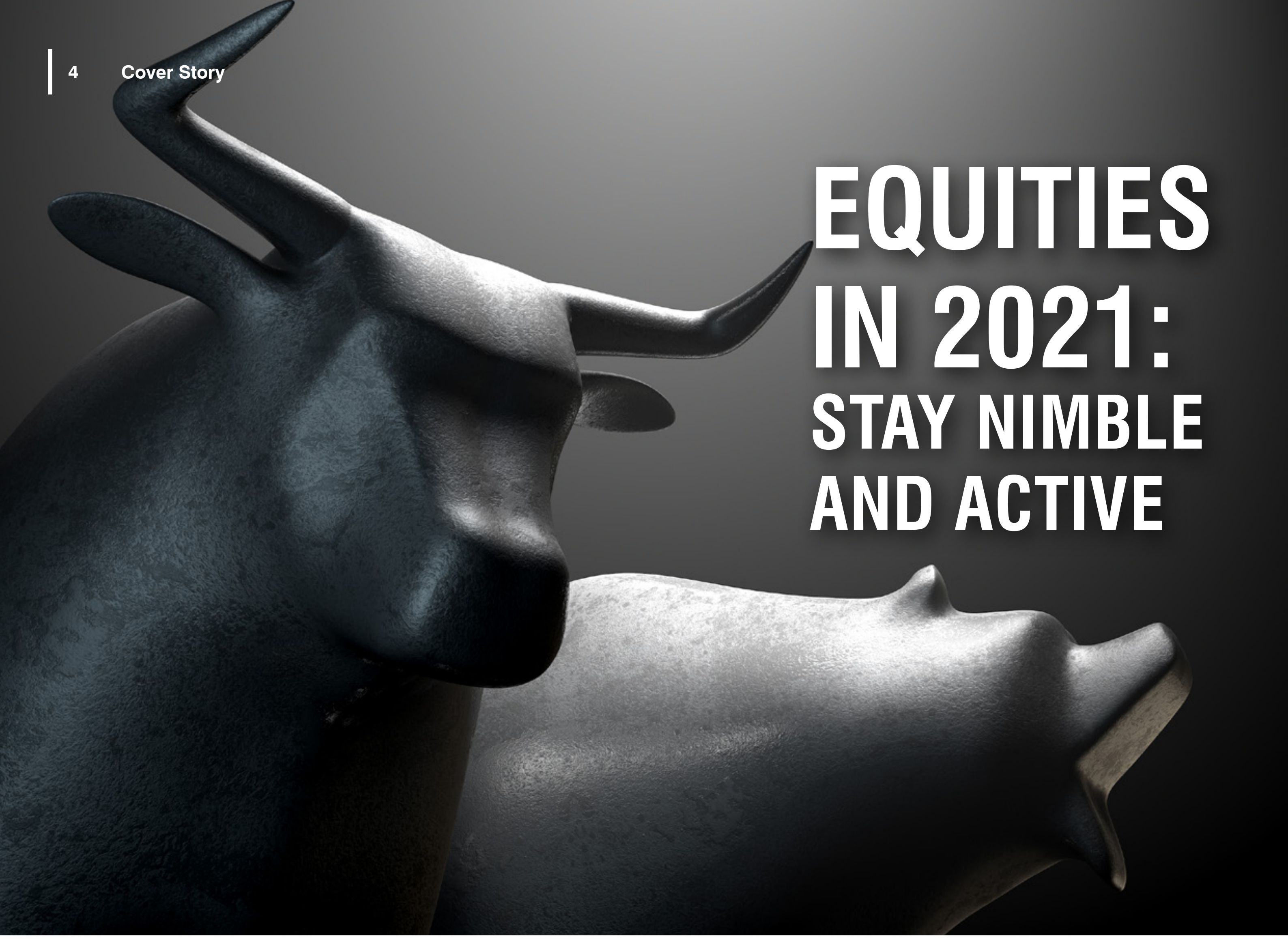
Our cover story this quarter takes a look at what happened in the equities space in 2020 and what 2021 could hold. There is definitely room for a healthy dose of equity market optimism this year. However, with one eye on fundamental corporate earnings and another on the macro picture, investors will have much to contend with in a post-pandemic world. In such an environment, active investment styles with conviction could prove rewarding.

The fund manager portrait is on Richard Briggs, who joined the Emerging Market Debt team last year. Richard's entrepreneurial mindset has helped him throughout his career, and his travels across Asia, from scuba diving in Malaysia and seeing orangutans in Indonesia to train journeys across China, have driven a deep interest in understanding more about economic development in emerging markets.

We are hopeful we will be able to see more of you face-to-face in the near future, but in the meantime we continue to keep in touch virtually via regular meetings and events.

I hope you enjoy reading this latest edition of Viewpoint and that you and your families remain safe and well,

Yours Joss & Arun



EQUITIES IN 2021: STAY NIMBLE AND ACTIVE

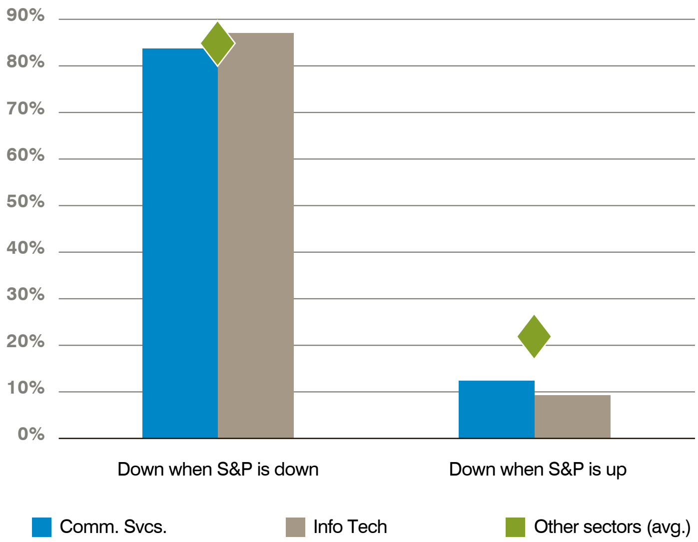
After an extraordinary year for markets and society, 2021 (on paper) could be 'easier'. We have already witnessed a significant improvement in economic conditions since the depths of the Covid-19 crisis, while equity market volatility has reduced. Meanwhile, a performance shift from growth stocks to cyclical / value names signals a brightening economic and profit outlook. Following encouraging vaccine trial data globally, UK and US Covid-19 vaccination programmes began on 8 and 15 December respectively, although this is merely the first step toward a return to social and economic normality; equally critical is the widespread availability of effective immunisation, which could come by the middle of the year.

Ultimately, it is likely that the story of 2021 for equities is going to be dependent on whether profit margins continue to rise towards pre-pandemic levels or even surpass them. Analysts at Credit Suisse are bullish on the prospects for the asset class and expect a 15% rise in global equities by the end of 2021, citing central bank policy as the fundamental support, aided by near-term earnings revisions.[1] Others are more cautious and suggest there is limited room for significant, broad-based, equity market upside; an active approach will be required to identify opportunities. "The new decade may require a nimble approach from investors to make the most of equity markets," researchers at Barclays Private Bank wrote in November. "The post-pandemic recovery is evolving into a K-shaped one with wide divergences emerging between winners and losers. This leaves plenty of room for positive surprises and possibly sharp moves higher for unloved stocks. Active management still appears to be key to unlocking additional returns."[2]

A Biden Bounce?

Joe Biden had already announced a wide range of policy proposals ahead of his inauguration as the 46th US President. Areas which could be consequential for equity markets include; emergency Covid-19 related stabilisation policies, a more active regulatory posture in line with previous democratic administrations, and fiscal expansion focused on climate / energy, infrastructure, healthcare and tax reform, namely higher tax rates on corporates. With Democrats poised to hold a working majority in both the House and Senate following the Georgia state-wide runoff, Congress could enact increases to corporate and personal income taxes. There could be a few issues facing mega-cap tech, according to researchers at Bank of America, including anti-monopolistic legislation and data privacy laws. With communication services and information technology now making up around 40% of the S&P 500, US equity market returns are largely dependent on the fate of this cohort. And the two sectors rarely move in opposing directions of the market – when tech lags, the market lags, and vice versa.[3]

Chart 1: Tech and communication services had led the rally this year (% of down days for tech and communication service when the S&P 500 is up / down year-to-date, as at 29 October 2020)



Source: Bank of America. Data as at 29 October 2020.

As of 26 November, the top mega-cap US technology stocks (Facebook, Apple, Amazon, Microsoft, and Google) had climbed 50% on average in 2020, versus 4% for the market excluding these companies. While a mega-cap tech rally could continue under a Biden administration, analysts at UBS believe market leadership could shift irrespective of policy. “In the next phase, we expect the rally to broaden. If the last decade was about investing in the technology sector itself, we think the next decade will reward investing in the disruptors in sectors undergoing technological transformation. We see the greatest growth potential for companies exposed to the 5G rollout, fintech, greentech, and healthtech.” [4] This view is shared by GAM Investments’ Investment Director, Technology Equities, Mark Hawtin. “Ultimately, we believe winners and losers across global equities are set to be defined by the use of disruptive technology. The fourth generation digital revolution, or ‘Digital 4.0’, is set to spark even more rapid change. The Internet of Things (IoT), enabled by 5G, big data and AI, will drive a digital wave bigger than its predecessors.”

China

While a Biden administration could re-evaluate or even reverse (partially) unilateral tariff actions, economists at Morgan Stanley doubt this will happen immediately and expect competition between the US and China to continue on multiple fronts ranging from technology, security and financial markets, to corporate governance. Even so, December 2021 base case price targets from experts at the US bank suggest upside of circa 10% from current levels across their Chinese equity indices coverage. Their forecast is mostly driven by a healthy earnings growth recovery and a positive view on A-shares, favouring thematic stock picking. Experts at the bank say there is also a better chance in 2021 for an additional index weight increase announcement by MSCI. GAM Investments’ Jian Shi Cortesi, Investment Director, Asia / China Growth Equities, agrees that while the rivalry between US and China will continue, Biden is likely to adopt a gradual and less disruptive approach to sever economic, trade and financial links with China. “In the short term, Biden will be occupied with domestic affairs, Covid-19, economic repairs and mending relationships with America’s allies which have been alienated by Trump. This means we could have a period of relative stability for the US-China relationship, which would be positive for China market sentiment.”

> Some analysts are bullish on the prospects for the asset class and expect a 15% rise in global equities by the end of 2021...

Japan

In Japan, digitalisation is set to be a key theme for the country in 2021, with the new Suga administration quickly putting in place a ‘digital ministry’ and placing a high priority on a transition to digital government. This policy focus is likely to reinforce the various technology themes in the market, including the notable outperformance of software as a service (SaaS) and e-commerce businesses as analogue business models are disrupted. At the same time, Morgan Stanley analysts expect Japan’s older economy corporates to be focused on self-help opportunities to boost profitability and competitiveness, amid a generally improving awareness of ESG. Crucially, the key reforms of the

Abenomics era appear to be well embedded - accommodative monetary policy, lower corporate tax rates, de-regulation and corporate governance reforms. [5]

GAM Investments' Reiko Mito, Investment Director, Japan Equities, believes we can expect a great deal from Prime Minister Suga. "One advantage is that he is pro-deregulation. Suga is keen to accelerate the digitalisation of the public sector, implement deregulation in medicine and education, and to promote industry consolidation in order to boost the productivity of small and medium companies." More broadly, she believes the shift to online and cloud computing in Japan will accelerate in many more areas, such as recruitment, remote control of production lines and enterprise administration software.

European Equity

Prior to the global financial crisis (GFC), there was only a relatively small gap between the US and Europe in terms of weights in the MSCI Global Equity index – now the US is more than three times the size of Europe, and close to two thirds of the entire index. Much of the outperformance and higher valuations have been driven by the sector make-up, with the US far more heavily weighted in tech, and Europe heavier in banks and energy. But the US has consistently delivered superior earnings growth. Researchers at UBS see three potential catalysts for Europe to finally outperform in 2021. First, in their view 2021 is likely to be the first year in 17 years where Europe has significantly stronger EPS growth than the US. Second, a Biden administration with lower tariff risks may favour Europe. Third, Europe's relative performance has been tied to value versus growth, so any stabilisation of value may support Europe. [6]

GAM Investments' Niall Gallagher, Investment Director, Europe Equities, says he sees plenty of companies in the European equity universe exposed to key structural trends (online shopping / digital payments / Asian consumption / decarbonisation). "We also find other companies that are maybe not driven by the same key structural trends but are attractive in their own right and are trading at low valuations. Other areas, such as airline stocks, will become very interesting when travel resumes."

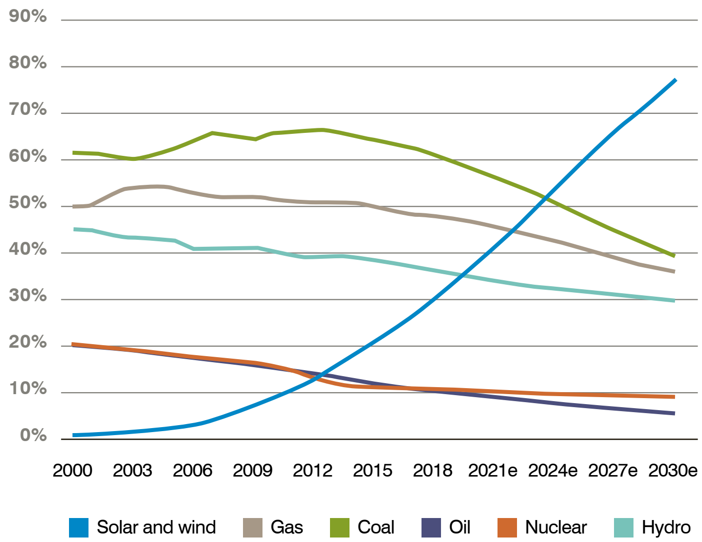
Emerging Market Equities

For UBS, equities are best placed among EM assets to outperform next year, and this Swiss bank targets 10-15% upside for 2021, pointing to the weight of 'new economy' sectors, which has nearly doubled over the past five years to 45%, providing greater exposure to the most vibrant parts of the global economy. GAM Investments' Tim Love, Investment Director, Emerging Markets Equities, says EMs are now more exposed to technology than developed market peers; in four of the last five years, the technology industry has been the best performing industry within EM equities. "While we believe that market breadth in EM is likely to improve, the technology industry should continue to perform well as valuations are not stretched and growth is supported by many structural elements. Importantly, the digital universe in EM equities has become very wide and deep."

Themes

Other themes are likely to draw the attention of equity investors in 2021, such as healthcare and clean energy. On healthcare, it seems highly likely that on a worldwide basis far more is spent within GDP on public health and disease prevention after Covid-19 than before. This would be a structural positive for healthcare stocks with the right business models. In the clean / renewable energy space, China and Japan pledged in Q3 2020 that they would reach carbon neutrality by 2060 and 2050, respectively. The EU made the same pledge as Japan in 2019 and California has also vowed to achieve carbon neutrality by 2045. Momentum to adopt clean energy as a key decarbonisation technology has escalated to a whole new level. Morgan Stanley's Global Utilities team expects that solar and wind will account for 38% of global power capacity by 2030.

Chart 2: Composition of global power generation capacity



Source: Morgan Stanley Research 2021 Asia EM Equity Strategy Outlook. e = estimates. Data as at 15 November 2020.

The active advantage

With a 2020 behind us, there is room for a healthy dose of equity market optimism this year. However, with one eye on fundamental corporate earnings and another on the macro picture, investors will have much to contend with in a post-pandemic world. In such an environment, active investment styles with conviction could prove rewarding. The ability to underweight, overweight, or have no exposures at all to a certain region, sector, or stock looks set to be more important than ever, along with the option and skill of finding good companies outside of an index.

[1] Credit Suisse, Global Equity Strategy, 2021 Research Outlook.
[2] Barclays Private Bank: Outlook 2021
[3] Bank of America Global Research. US Viewpoint: An election during a pandemic: days away
[4] UBS: Prepare for a change in market leadership (UBS Global Wealth Management)
[5] *Morgan Stanley Research: 2021 Asia EM Equity Strategy Outlook
[6] UBS Global Economics & Markets Outlook 2021-2022

GAM LAUNCHES SUSTAINABLE LOCAL EMERGING BOND STRATEGY

GAM's Sustainable Local Emerging Bond strategy draws upon the expertise of Paul McNamara and GAM's highly-acclaimed Emerging Markets Debt team, whose differentiated, conviction-driven approach to emerging market (EM) debt investing has been developed over 20 years. The team's investment approach aims to create long-term financial returns by investing in a way which is sensitive to the impact its investment decisions may have on society and the environment.

The strategy combines a positive tilt towards sovereigns with higher environmental, social and governance (ESG) scores, as defined by the JP Morgan ESG GBI-EM GD Index. The team's proprietary investment process incorporates ESG factors for active allocation within the index tilts.

ESG issues are material to investment outcomes. The idea behind the approach is to generate long-term financial returns for clients by investing in a way that incorporates a clear positive ESG tilt. The team believes that sustainability is important to the financial outlook of countries and the strategy is managed against an ESG benchmark to deliver a measurable increase in ESG scores.

The team's process mirrors that of the long-running Local Emerging Bond Fund. Based on its assessment of developments in the 'Big 3' global economies (US, Europe and China), the team establishes 3-5 top-down global themes. This determines country selection, along with specific return and risk driver preferences. Given the team's emphasis on crisis avoidance, country analysis is then performed using the team's proprietary 'Crisis Cycle Filter'. This captures the interaction between core ESG factors and nine traditional macroeconomic variables considered to be the most reliable, early indicators of financial crises, such as falling FX reserves or rapidly rising inflation.

The strategy is managed against the JP Morgan ESG GBI-EM GD Index. This well-established benchmark leverages research from both Sustainalytics and RepRisk to create five ESG-scoring bands. The team excludes the bottom band i and adjusts the weightings towards the higher bands resulting in a higher ESG score relative to the benchmark. These scores are based on third party sources such as World Governance Indicators (WGI) Project delivered by the World Bank.

The portfolio typically results in active exposure towards 15-25 emerging and frontier markets, centred upon approximately 10 very liquid core markets. The portfolio comprises 100-150 bonds and FX forwards. Active risk management is key to decision making, with independent oversight by GAM's risk teams.

The team's thematic, macro-driven EM debt investment approach is founded on the conviction that global macroeconomic developments drive EM. Global themes identified using this top-down approach determine country selection and portfolio construction. At a bottom-up level, the most fertile investment opportunities are in countries entering or exiting financial crises, and these are identified using the team's 'Crisis Cycle Filter', which reflects ESG factors. The filter is designed to identify country-specific issues and includes factors considered to be the most reliable, leading indicators of financial crises, frequently precipitated by poor governance. The team uses this tool alongside daily monitoring of relevant political, economic, environmental, social and governance events and trends.

- **ESG benchmark ensures a positive tilt towards sovereigns with higher ESG scores:** the ESG benchmark adjusts country benchmark weightings based on their ESG scores, thereby tilting towards sovereigns performing better on key ESG metrics, including the Worldwide Governance Indicators, human rights abuses, labour standards and environmental practices.
- **Combines the advantages of active management within an ESG index framework.** Active positions around the benchmark are taken using the team's long-standing investment process.
- **Positive outlook for the asset class:** the asset class should benefit from relatively high starting yields, attractive valuations, sound EM balance of payments fundamentals and rising global growth.
- **Potential for larger returns and diversification:** the benefits of EM sovereign bonds can provide overall portfolio benefit, however an active approach is crucial to safely navigate the breadth of the opportunity set.
- **GAM's team is a leading player in EM debt:** the strategy is led by Paul McNamara, who has managed the GAM Local Emerging Bond strategy since launch in 2000, while the experienced team averages 18 years' investment experience. An extensive background of navigating economic cycles of crisis and recovery in EM debt forms the foundation of the investment process.

- **Structured, disciplined and repeatable investment process:** the team maintains an emphasis on proactive risk management, crisis avoidance and maintaining liquidity at all times.
- **Longstanding and proven:** the established Local Emerging Bond investment process has incorporated ESG factors since inception for their impact on risk-adjusted returns. This proprietary approach has driven the selection of a wide range of off-benchmark, profitable positions.

HAVING A COFFEE WITH...

JILL BARBER

Global Head of Institutional Solutions

1. What drove your decision to join GAM?

Most definitely the people, the investment talent and the opportunity.

2. What are your ambitions for your role and for GAM going forward?

By encouraging close collaboration across all the teams at GAM I am looking forward to helping our clients enhance their investment outcomes; my ambition is that GAM is our clients' trusted partner of choice.

3. Away from work, how do you like to spend your time?

As a family we spend a lot of time outdoors either cycling, walking or playing sport, I have certainly missed supporting my son from the side lines whilst he plays rugby and cricket this year. I am a spin class fanatic and have been very grateful for my Peleton during lockdown. I also mentor sixth form pupils at my son's school which I find incredibly rewarding. I am fortunate to have had a wonderful mentor throughout my career and I firmly believe in paying forward to the younger generations.

4. Is there something you think everyone should experience at least once?

Being pushed out of your comfort zone. Years ago a friend gave me a card with the phrase 'Do something every day that scares you a little' which I found really inspirational. When you move out of your comfort zone it grows around you to encompass the new thing(s) you have tried. That is how we continually learn and grow. I tried hard to remind myself of that when I went caving, was squeezing through the smallest of spaces in the pitch dark as we had to turn off our head lamps to save the batteries and came across an underground stream which we had to swim through…not an experience I would repeat but one that definitely pushed me out of my comfort zone!

5. And finally… how do you take your coffee?

Always a double espresso – despite being a dairy farmer's daughter I don't like milk!

NEWS

APPOINTMENT OF STEPHANIE MAIER AS GLOBAL HEAD OF SUSTAINABLE AND IMPACT INVESTMENT

In this newly created global role, Stephanie is responsible for leading GAM's sustainable investment and ESG (environmental, social and governance) strategy and strengthening the firm's ESG proposition for clients.

Stephanie brings 18 years' experience in responsible investment and ESG strategy. She joins GAM from HSBC Global Asset Management, where she was Director for Responsible Investment. Prior to that, she spent seven years at Aviva Investors, latterly as Head of Responsible Investment Strategy and Research, and was formerly Head of Research for EIRIS, an ESG research and consultancy firm. Stephanie holds a BA in Biological Sciences from Oxford University and an MSc in Environmental Technology from Imperial College London.

Stephanie is reporting directly to Group Chief Executive Officer Peter Sanderson and is a member of the Senior Leadership Team. She joint the firm on 4 January.

GAM APPOINTS MATT WILLIAMS A HEAD OF EQUITY INVESTMENT SPECIALISTS

In this newly created role, Matt is responsible for leading GAM's team of equity investment specialists. He works closely with the firm's investment teams across equities to help further articulate their investment strategies and to further enhance client understanding of GAM's equity offering.

Matt was formerly at BlackRock, where he was a Director and European Equities Product Strategist. Prior to that, he held roles in equity research, with a focus on capital goods, at MF Global, HSBC and Capital Group. Concurrently, Matt was also a visiting lecturer in applied corporate finance at City University Business School for six years.

Matt joined GAM on 1 December. He is based in London and will report to Greg Clerkson, Head of Discretionary Investment.

Strengthening of our Nordic presence with Copenhagen office

The establishment of the GAM (Luxembourg) S.A. – Denmark Branch in Copenhagen, underscores the importance of the Nordic market, where GAM has an established client base

Gianluca Cerami, Head of the Copenhagen Branch and Client Director Northern Europe will use his deep experience of the Nordic market to drive growth in the region. With a base in Copenhagen, GAM will provide institutional and intermediary clients with all of GAM's investment management capabilities.

Q1 2021

EVENTS

We are carefully monitoring the Covid-19 situation and reviewing the advice from various governments and stakeholders to ensure that we are abreast of all developments and responding accordingly.

In light of the actual situation, all physical events in your region stay suspended until further notice. We appreciate that during these unprecedented times, open and transparent communication with our clients is essential. We have adapted our approach to ensure that you have relevant and timely information. This includes:

- Enhanced schedule of webcasts with fund managers (please see details here: **www.gam.com/events**)
- Dedicated microsite, featuring our investment professionals' views on the impact of Covid-19 and fund updates. These pages are updated constantly here: **www.gam.com/covid-19**

The microsite also includes our corporate response. We made an early decision to enable our people to work from home and service our clients' needs while at the same time giving them the best chance to protect the health and wellbeing of themselves and their families.

Until further notice there will be no business travel and all meetings, both external and internal, will be conducted by video or audio conference. We aim to remain in contact with our clients throughout.

RICHARD BRIGGS

FUND MANAGER PORTRAIT

Discovering Emerging Markets – from traveller to Investment Manager

Richard joined GAM in 2020, bringing with him expertise in economics and emerging market credit and something of an "entrepreneurial" mindset.

Having grown up on the west coast of Scotland, Richard attended business school in his hometown of Glasgow, completing a masters in financial economics.

Having an innate interest in the wider world around him from a young age, Richard says a focus on emerging markets (EM) came through a natural progression of events. "When I was younger, I was much more focused on business, and at the age of 15 I created a successful e-commerce shop on eBay." Richard feels this entrepreneurial mindset has helped him throughout his career. Discovering his aptitude for economics in his undergraduate degree at Strathclyde Business School, Richard began to create a foundation of knowledge pertaining to EM.

"I spent my first two summers at university travelling overland across Asia with my now wife. Those trips drove a deep interest in understanding more about economic development given the sharp contrasts in different countries we visited. We spent most of those trips using local travel, mainly buses and trains, having planned it roughly before we left and had an amazing time seeing some of the world, from scuba diving in Malaysia and seeing orangutans in Indonesia, to travelling on trains across China and much more."

After leaving university, Richard started his career as an economist focused on EM Asia at one of the oldest and largest investment trusts in the UK. Here he could put everything he had learned at university into practice and began broadening his knowledge and skillset. After a year and a half working there, Richard decided he wanted to be more directly involved in making investment recommendations and moved to London to work at a leading independent credit research firm, CreditSights.

A move to London and into EM credit

After a short period focused on European credit, he began building up the firm's EM sovereign credit research and strategy. "When I started there wasn't much in the way of EM credit research, so I asked if I could focus on building an EM credit product." Richard effectively built the product from scratch, working closely with others including the chief European strategist.

"I spent seven years at CreditSights, it was a great learning environment." This time, he says, entailed not only understanding exactly what clients want from this kind of product, but gave him exposure to the investment processes of portfolio managers, giving him a concrete view into what worked and did not. “I spent a lot of my time looking at things carefully, and in turn gained an in-depth understanding of how credit markets operate. The advantage of working in a research firm was I could learn a lot about the pitfalls and learn some tough lessons in credit before being directly in a portfolio management role.” Recently, Richard decided solely making recommendations to clients was not enough, leading to his recently acquired role as a fund manager here at GAM.

Evidently, Richard’s time at CreditSights has given him a good grounding enabling him to be a great addition to our EM debt team. His wealth of knowledge in researching credit fundamentals has proven invaluable. He is enjoying being able to deploy his findings himself and speaks highly of this new environment, “it’s a great team; everyone communicates well, we all bring our own skills and expertise, conversation is going constantly. It’s been very easy to fit in and contribute.”

Investment process and Covid-19

The investment process for EM hard currency bonds at GAM focuses on using the deep macro expertise in the EM debt team to drive top-down views. Which is then coupled with in-depth standalone research on each of the credits to assist with credit selection. “The fundamentally-driven process is particularly focused on high yield (HY); where alpha tends to be highest. I research the credits country by country looking at both valuations and fundamentals. Generally, some of the best returns can be in idiosyncratic situations which the market has missed.”

In Richard’s view, the last few months have been extremely interesting in terms of EM debt; the global pandemic has laid bare some of the credits which were vulnerable to distress, of which there has obviously been quite a lot this year, but most of those credits were already weak prior to the pandemic leaving them exposed when conditions turned. Looking ahead, many of the uncertainties have been removed (such as the US elections and the increased likelihood of effective vaccines) but still many sovereigns remain fragile. He believes a name by name process, focusing on high conviction views, is the right approach in the current environment.

2020 has been a strange year for everyone, and Richard started at GAM amid the pandemic in May working from home; he feels that in some ways it has worked well. “I was wary, but the EM team, whether in the office or not, has continued to communicate continuously.” He does note that it has taken some adjustment. “Initially working from home can seem daunting, and while I don’t think I’d choose it five days a week, with adjustments, working from home can, for many parts of the job, be very effective; in some ways more effective if you adapt how you manage that time.”

Away from the day job, Richard likes to prioritise spending time with family, particularly with his young son Charlie and wife Emma, who he says, keep him on his toes. “We’ve spent a lot more time together in lockdown which has been lovely but has also meant I’m keeping very busy! I love baking and getting involved in everything we’re doing around the house. Like the rest of the nation we’ve baked a number of things this lockdown from bread, a first attempt at making chocolate babka to this picture showing us making gingerbread in November. This was Charlie’s first time making gingerbread and he’s been campaigning to do it again since.”

Richard also enjoys cooking, gardening or sitting down to a movie while winding down from the often-all-consuming world of EM credit. “I love cooking for friends and particularly enjoy putting together a big spread when we have the chance to have folk round. Travelling is also something I love doing but something I have done less of this year with the global pandemic. I visited Ukraine and Turkey for work in early March just as Covid-19 was accelerating, it really was surreal as restrictions were accelerating. I’m really looking forward to getting on a plane again both for work and with family in 2021 as things return to normal.”

Focus on fundamentals

When asked for his long-term outlook for EM debt, Richard is optimistic for the future. He strongly believes EM credit will always find favour with fixed income investors. “Top down macro-driven analysis remains highly important to generate outperformance within EM credit, but I think a big thing that has been missing is enough of a focus on fundamentals; fundamentals have largely been neglected in EM sovereign credit investing in recent decades. Name selection is what matters here and HY can offer a solid premium but getting the issuer selection right is the way to both generate upside and, just as importantly, protect from downside risk. I think we’re in a good place for the future.”

“I spent my first two summers at university travelling overland across Asia with my now wife. Those trips drove a deep interest in understanding more about economic development given the sharp contrasts in different countries we visited.”

Richard Briggs
Investment Manager at GAM Investments

FEATURED FUNDS

GAM Star European Equity

GAM Star European Equity* seeks to deliver attractive, risk-adjusted returns through active investment in a large, liquid universe of pan European stocks. GAM's European Equity team, led by Niall Gallagher, uses a high conviction approach to construct a concentrated portfolio of 'value creators' – businesses that exhibit a Return On Capital Employed (ROCE) above their Cost of Capital.

Reasons to invest

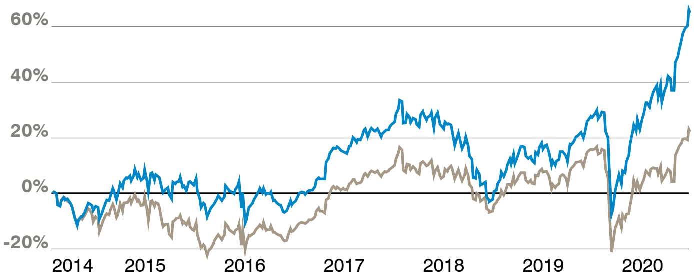
- **Global exposure:** European companies are often exposed to long-term, global secular growth trends, for example, accessing emerging markets middle class growth via the luxury goods market.
- **Potential earnings growth:** underlying earnings growth is accelerating from a depressed level and compelling opportunities can be sought in certain domestic consumer and industrial cyclical stocks.
- **Market opportunity:** algorithmically-driven investment activities and those aligned to factor risks are increasingly impacting on short-term European equity movements, creating market inefficiency and therefore opportunities for long-term investors.
- **Select buying opportunity:** the team views a bearish environment as being an opportunity to invest in 'value creating companies' on a highly selective and active basis.

Please see the Featured Funds section on our website for more information

* Full legal name: GAM Star Fund plc. - GAM Star European Equity. Forecasts are based on certain assumptions and market conditions that may change and have a material impact on future results. Forecasts do not represent a prediction of returns or a promise to deliver any particular investment goal. Actual performance may be greater or lesser than these forecasts. Past performance is not an indicator of future performance and current or future trends. The performance is net of commissions, fees and other charges. Funds do not have the security of capital that is characteristic of a bank deposit.

GAM Star European Equity – USD Institutional

Performance from 15 Jul 2014 (inception) to 31 Dec 2020



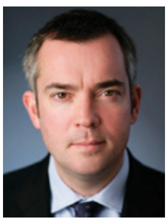
Source: GAM, MSCI.

Fund facts

Fund type	UCITS
Fund manager	Niall Gallagher
Inception date	1 February 1990
Currency classes [1]	EUR (base), CHF, GBP, USD classes are available
Dealing	Each business day
Investment manager and sponsor fees [2]	Institutional shares: 0.85% Ordinary shares: 1.35%

[1] Currency hedging may be employed to protect against exchange rate risk. Please contact your client manager for an exhaustive list of currency classes available.

[2] Excludes administration and custodian fee – please see the Prospectus for further details on fees.



Niall Gallagher

is an Investment Director responsible for the management of European equity funds at GAM Investments. Prior to joining GAM in November 2009, he worked as a portfolio manager managing Continental and pan-European equities at T. Rowe Price for two years. Before that, he was at BlackRock for nine years managing both Continental and pan-European equity strategies. He began his career as an economist at the Bank of England. Niall Gallagher holds a BA in Economics from Manchester Metropolitan University, an MSc in Economics and Finance from Warwick University, and is a CFA Charterholder. He is based in London.

GAM Star Japan Leaders

GAM Star Japan Leaders* seeks sustainable, long-term capital appreciation by actively investing in a concentrated portfolio of Japanese companies that have a leading position in their sector. Portfolio manager, Ernst Glanzmann, and his team aim to identify high quality companies that are inexpensively valued at the time of purchase, and they believe will deliver attractive returns over the long term.

Reasons to invest

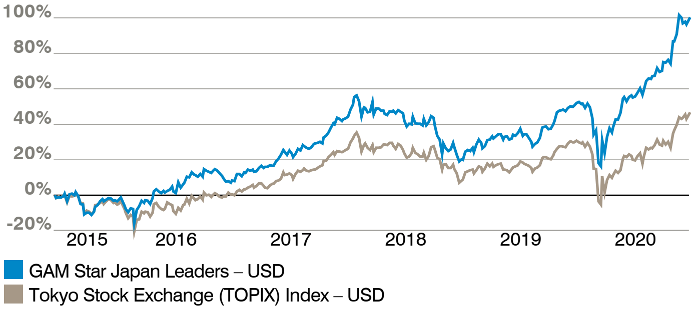
- **Japanese growth:** many Japanese companies are delivering strong growth while at low price-earnings multiples, meaning valuations are attractive especially compared to other developed markets.
- **Improved corporate governance:** an evolving corporate culture and a growing number of activist shareholders have prompted companies to refocus on returns on equity and distribution of capital.
- **Solid investments:** high quality equity investing focuses on successful businesses, which are growing solidly and are backed up by strong financial balance sheets and capable management.
- **Potential for attractive returns:** selecting value stocks that are considered undervalued by the market creates an opportunity to outperform the market.

Please see the Featured Funds section on our website for more information

GAM Star Japan Leaders – USD Institutional

Performance from 29 May 2015 to 31 Dec 2020

Since implementation of new approach (29 May 2015)



Source: GAM, RIMES.

Fund facts

Fund type	UCITS
Fund manager	Ernst Glanzmann and Reiko Mito (since 1 June 2015)
Inception date	4 March 1992
Currency classes [1]	JPY (base), CHF, GBP, EUR and USD classes are available
Dealing	Each business day
Investment manager and sponsor fees [2]	Institutional shares: 0.85% Ordinary shares: 1.35%

[1] Currency hedging may be employed to protect against exchange rate risk. Please contact your client manager for an exhaustive list of currency classes available.

[2] Excludes fees related to the administration and the custody of the fund – please see Prospectus for further details on fees.

* Full legal name: GAM Star Fund plc. - GAM Star Japan Leaders. Forecasts are based on certain assumptions and market conditions that may change and have a material impact on future results. Forecasts do not represent a prediction of returns or a promise to deliver any particular investment goal. Actual performance may be greater or lesser than these forecasts. Past performance is not an indicator of future performance and current or future trends. The performance is net of commissions, fees and other charges. Funds do not have the security of capital that is characteristic of a bank deposit.

Reiko Mito

is Co-Manager of GAM Japan Equity and GAM Star Japan Leaders fund. Prior to joining GAM Group in November 2011, she worked as a senior equity analyst at Atlantic Investment Management in Tokyo for five years. Prior to that, she was an analyst/portfolio manager at Goldman Sachs Asset Management in Tokyo for six years. Reiko Mito started her career at the Bank of Japan in Tokyo in 1996. She holds a Bachelor's degree in Business Administration from the International Christian University in Tokyo and is a CFA Charterholder. She is based in Zurich.

CONTACTS

Arun Shetty
Co-Head Private Clients and Charities
arun.shetty@gam.com

Joss Mitchell
Co-Head Private Clients and Charities
joss.mitchell@gam.com

Tom Powell-Tuck
Client Relationship Manager
tom.powell-tuck@gam.com

Jay Carpenter
Client Relationship Manager
jay.carpenter@gam.com

Simone Smith
Portfolio Manager
simone.smith@gam.com

Claire Bangs
Client Support
claire.bangs@gam.com

Zurich Office

Bernardo Ceriani
Client Director
bernardo.ceriani@gam.com

CREDITS

Publisher

GAM Investment Management (Switzerland) AG
Hardstrasse 201
P.O. Box 8037 Zurich

Responsible person in terms of press regulation

Daniel Durrer

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Daniel Durrer
Neal Underwood
Andrew Neil
Walter Käser
Kübra Ercan

Graphic and Design

Pablo Blattner

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Capital at risk: All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.

Counterparty / Derivatives Risk: if a counterparty to a financial derivative contract were to default, the value of the contract, the cost to replace it and any cash or securities held by the counterparty to facilitate it, may be lost.

Leverage Risk: derivatives may multiply the exposure to underlying assets and expose the Fund to the risk of substantial losses.

Interest Rate Risk: a rise or fall in interest rates causes fluctuations in the value of fixed income securities, which may result in a decline or an increase in the value of such investments.

Market Risk / Emerging Markets: emerging markets will generally be subject to greater political, market, counterparty and operational risks.

Credit Risk / Debt securities: bonds may be subject to significant fluctuations in value. Bonds are subject to credit risk and interest rate risk.

Currency Risk - Non Base Currency Share Class: Non-base currency share classes may or may not be hedged to the base currency of the Fund. Changes in exchange rates will have an impact on the value of shares in the Fund which are not denominated in the base currency. Where hedging strategies are employed, they may not be fully effective.

Equity: Investments in equities (directly or indirectly via derivatives) may be subject to significant fluctuations in value.

Event Driven Risk: Publically announced merger and acquisition transactions and other event with a high probability of completion have no guarantee that they will close or happen. In the event that a transaction selected does not go through, the Fund may suffer losses.

Source: GAM, unless otherwise stated. (Where applicable and, unless otherwise noted, performance is shown net of fees, on a NAV to NAV basis). GAM has not independently verified the information from other sources and GAM gives no assurance, expressed or implied, as to whether such information is accurate, true or complete.

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