

GAM

UK EQUITY INCOME

Marketing material for professional/accredited/certified investors

GAM UK Equity Income* is a core equity income fund aiming to deliver steady income and capital growth. The fund is managed by an experienced team, Adrian Gosden and Chris Morrison, who apply their proven cash flow-based investment approach to invest in companies with strong dividend prospects. The result is an active, concentrated and liquid portfolio diversified across sectors and market caps.

Reasons to invest

- **Disciplined approach:** equity income managers typically take a long-term view, as reinvested dividends can make a huge difference to returns over time, due to the power of compounding.
- **Steady income:** dividends are typically much less volatile than earnings and can deliver steady income for investors. Dividend growth has held up consistently in recent years.
- **Consistent returns:** equity income funds can be a reliable investment in periods of lower growth and market volatility, as companies are often reluctant to cut dividend payments.
- **Appeal in a low-rate environment:** the current UK dividend yield premium over government bond yields is considerable. Low rates support the case for investing in a UK dividend-orientated strategy.

Our edge

- **Experienced team:** renowned equity income investor, Adrian Gosden, and UK equity manager, Chris Morrison, have significant expertise with over 35 years' combined investment experience.
- **Core:** a focus on established companies across the market cap spectrum with strong dividend prospects, predominantly in the UK, ensures a broad opportunity set.
- **Active stock selection:** stocks are chosen for their ability to generate income, rather than their index weighting, resulting in a portfolio with a high active share of approximately 80%.
- **Flexible, agile approach:** the team has a long-term conviction approach to stock selection, yet is agile in reacting to market challenges, with the flexibility to invest up to 20% of the portfolio outside of UK equities.

Investment team

GAM UK Equity Income has been managed by Adrian Gosden and Chris Morrison since inception in October 2017.

Adrian joined GAM at that time, bringing a wealth of experience with him. He has applied a consistent and repeatable approach to equity income portfolios for over 20 years, and has a strong track record investing in the sector. Chris, who has been with GAM since 2011, has specialist expertise in UK equity research and fund management.

GAM's scale, stability and infrastructure enables the team to focus solely on investing, while benefiting from the firm's extensive cross market and cross asset class expertise.



Find out more gam.com/en/featured-funds

* Full legal name: GAM Funds – GAM UK Equity Income

Investment philosophy

The team believes dividends are the most important driver of total equity returns over the long term, due to the powerful effect of compounding on reinvested income. They consider that the most effective way to benefit from the effect of reinvested income is through an investment approach that is focused on identifying stable, cash-generative companies capable of paying a strong, progressive dividend. By its nature, this approach steers the fund away from overvalued areas of the market.

Investment process

The process determines a company’s ability to deliver a strong and growing dividend. Free cash flow filters narrow a broad universe of listed UK stocks to identify companies with robust balance sheets and strong cash flow characteristics. Stocks are subject to in-depth fundamental analysis focusing on the company’s industry environment (competitors, inputs / outputs and regulation) and management (quality of management, strategy and history). Approximately 200 company meetings are conducted annually. Timing analysis determines whether stocks are attractively priced and sufficiently liquid. If these criteria are fulfilled, the team adds positions and sizes them according to conviction, based on the appropriate risk/return trade-off. The portfolio typically holds 50-60 stocks of 2-3% each, with income sources diversified across industries and companies. The team closely monitors valuations, liquidity and business fundamentals, and adjusts exposures accordingly.

1

Cash flow analysis

- Understand cash generative nature of company
- Assess company’s ability to pay dividends

2

Industry assessment

- Understand the industry in which a company operates
- Evaluate the quality of a company’s cash flow

3

Management review

- Analyse balance sheet, including off balance sheet items
- Company meetings and group investor meetings

4

Timing analysis

- Valuation and liquidity analysis
- Investments that meet both criteria are added



We seek to understand the cash-generative nature of companies as this lies at the heart of their ability to pay dividends. Capital appreciation will follow if a dividend is strong and growing.”

Adrian Gosden
Investment Director

For more information, please visit www.gam.com

Please read the legal information on the following pages.

Fund facts

Fund type	UK OEIC
Fund manager	Adrian Gosden and Chris Morrison
Inception date	27 Oct 2017
Currency classes	GBP
Index for comparison	FTSE All-Share Index
Dealing	Each business day (the cut-off time for the receipt of subscription and redemption orders is 12:00 (UK time) on the dealing day).
Investment manager and sponsor fees ¹	0.75%

¹ Excludes administration and custodian fees – please see the Prospectus for further details on fees.

Important legal information:

Currency Risk: The value of investments in assets that are denominated in currencies other than the base currency will be affected by changes in the relevant exchange rates which may cause a decline.

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.

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.

Important legal information

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 as to whether such information is accurate, true or complete.

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UK: Copies of the legal documents can be obtained in English, free of charge, from the Authorized Corporate Director: GAM Sterling Management Limited, 8 Finsbury Circus, London EC2M 7GB.

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