

GAM LUXURY BRANDS

Marketing material for professional / institutional investors

GAM Luxury Brands* seeks to deliver long-term capital appreciation by actively investing in 25-35 luxury companies globally. The fund invests in well-capitalised companies that have compounding revenue growth at high and stable margins at their core. Such companies are typically highly cash-generative with conservative balance sheets that render them ideally situated to return capital to shareholders and / or engage in opportunistic and value-creating M&A.

Reasons to invest

- **Secular growth:** increasing wealth and consumption, driven by millennial and Generation Z emerging market (EM) consumers, means premium luxury brands should enjoy sustained, multi-decade growth.
- **EM exposure:** demand for luxury goods is increasing in Asia in particular, giving investors the ability to access emerging markets at a sub-EM cost of capital through stable, established Western luxury brands.
- **Potential for substantial returns:** high multi-year compound growth means the sector has outpaced global GDP and outperformed global and EM equities in recent years, and based on fundamentals, the team believes this will continue over the long term.
- **Sustainability:** investors can access the socially responsible theme through the sector, as luxury goods companies are increasingly responding to growing awareness among younger consumers.

Our edge

- **Specialist expertise:** a wealth of experience focused on consumer companies in the developed world and Asia puts the team in an ideal position to manage a luxury fund in a sector increasingly driven by the rising EM middle class consumer.
- **Differentiated approach:** the fund invests across a diversified, global universe to exploit emerging and fast-growing trends in premium consumption themes, such as the rise of experiential luxury, while integrating an Environmental, Social and Governance (ESG) angle to enhance returns.
- **Active stock selection:** an emphasis on fundamental analysis sets the team apart from more top-down-led approaches of competitors, which by nature fail to distinguish between companies that are losing ground and future winners.
- **360° view:** the team believes strong reliance on expert network firms is a vital research component when building knowledge of industry and company dynamics.

Investment team



GAM Luxury Brands is managed by Swetha Ramachandran, who brings over 17 years of investment experience across both developed and emerging markets. She is supported by Niall Gallagher who is responsible for GAM's European equity strategies and has over 20 years of European equity investing expertise.

Swetha and Niall are responsible for research, portfolio management, trading and risk management. However, an additional risk oversight function is performed independently by GAM's risk teams.

Established relationships with an international network of industry experts, economists and analysts are key, while leading expert network company Thirdbridge is used extensively for 'triangulation', the independent verification of management or consensus data.

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

* Full legal name: GAM Multistock – Luxury Brands Equity

Investment philosophy

The team believes they can add value through bottom-up stock selection which seeks to identify premium brands with heritage and/or disruption potential and strong pricing power in luxury sub-categories, operating from an unconstrained and global universe. Typically, these companies offer compounding high single digit revenue growth at 15%+ margins and high Return on Capital Employed (ROCE)*, and are thus well positioned to create substantial long-term shareholder value. Given the importance of trends in the luxury industry, the team believes rigorous bottom-up analysis of companies and their competitive positioning, in addition to consumer preferences, is critical.

Investment process

The process is primarily based on fundamental analysis, supplemented by ESG-aided portfolio construction. However, top-down analysis is also used to identify secular themes and industry trends and identify companies with robust business models. Following the identification of 'value creators', detailed industry and company level research is combined with 'triangulation'. The team participates in a large number of expert meetings annually. This enables them to identify a company's future earnings prospects, while an absolute valuation approach seeks to determine whether a stock is attractively valued on a fundamental basis. Portfolio construction is supplemented by corporate governance insights and enhanced ESG due diligence.

* 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.

1

Top-down analysis

- Secular themes, industry trends and company/expert meetings
- Identify companies with robust business models and high barriers to entry

2

Analysis of brand

- Focus on competitive positioning, brand equity
- Emphasis on strength and visibility eg compounding revenue growth, margins

3

Portfolio construction

- Stock weightings based on conviction
- No tracking error limits or benchmark

4

ESG / Risk management

- Focus on corporate governance insights
- Sector and country diversification



The changing nature of the luxury consumer (largely Asian, younger, more online) and of the sub-segments in pole position (experiential, local categories, mega-brands) will drive sustained capital growth for the next decade to come.”

Swetha Ramachandran
Investment Manager

For more information, please visit GAM.com

Please read the legal information on the following pages.

Fund facts

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| Fund type | SICAV according to Luxembourg law |
| Fund manager | Swetha Ramachandran |
| Inception date | 31 Jan 2008 |
| Currency classes ¹ | USD (base), CHF, EUR and GBP classes are available |
| Dealing | Each business day |
| Investment manager and sponsor fees ² | A, B and E shares: 1.60% C and R shares: 0.85% |

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 Prospectus for further details on fees.



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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.

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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.

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