

GAM STAR CREDIT OPPORTUNITIES

Marketing Material for professional / institutional / accredited investors

GAM Star Credit Opportunities seeks to generate steady, high income from the bonds of quality companies, with a focus on junior or subordinated debt to capture higher yields. The suite of three long only UCITS* is managed by corporate bond specialist, Atlanticomnium S.A., whose careful bond selection, biased towards the financials sector, results in a liquid, diversified portfolio with low duration risk.

Reasons to invest

- **Rich hunting ground for established players:** with increasing investor interest in credit, many newer market participants are simply focused on chasing higher yields, which can cause market inefficiencies.
- **Wide opportunity set:** ongoing regulatory developments have forced many banks to bolster their capital base and improve the quality of their loan books, thus creating attractive opportunities.
- **Investment in quality companies:** investment grade companies rarely default, so by extension their junior debt rarely defaults. Investing lower down such companies' capital structures can offer an attractive combination of yield, value and capital preservation.
- **Compelling alternative:** the strategy offers a compelling alternative to traditional high-income bond investments, where high income is sought from the debt of risky companies or higher risk countries.

Our edge

- **Strong, long-term performance:** the team has actively managed bond portfolios through economic and credit cycles since 1985, learning how to adapt to different markets and regulatory environments.
- **Specialist team:** extensive understanding of niche credit instruments and companies' capital structures enables the team to access overlooked and often undervalued bonds in the market.
- **Active management of duration risk:** the team uses a range of instruments through which subordinated debt is issued, such as fixed-to-floater and floating-rate notes, to actively manage duration risk.
- **Flexible approach:** with no style bias or the constraint of a benchmark, the team can focus on areas of ripest opportunity and best reward-to-risk trade-offs, to seek performance across market environments.

Investment team



The fund is managed by Atlanticomnium S.A., an independent Geneva-based fund management company, which has specialised in credit investing since it was founded in 1976. The firm has managed assets for GAM since 1985.

Fund managers, Anthony Smouha, Gregoire Mivelaz and Patrick Smouha, have over 60 years' combined investment experience. The primary source of added value for the portfolios is the bottom-up credit selection ability of the managers and their familiarity with junior debt.

They are supported by a team of analysts and strong dealing capability, as well as other internal resources. An additional risk oversight function is performed independently by GAM's risk teams.

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

* Full legal names: GAM Star Fund plc.-GAM Star Credit Opportunities (EUR), GAM Star Fund plc.-GAM Star Credit Opportunities (GBP) and GAM Star Fund plc.-GAM Star Credit Opportunities (USD)

Investment philosophy

The team believes that attractive yield can be captured from corporate bond investing without incurring unnecessary default or interest rate risk. Investing lower down the capital structure, where upside payoffs can be enhanced if a company succeeds, means going beyond the traditional credit approach and understanding not only a company’s creditworthiness, but also its fundamentals. The team believes that targeted, fundamental credit analysis focused on the corporate quality and capital structure of investment grade companies can potentially harness strong total returns.

Investment process

Top-down and bottom-up research identifies profitable, growing, cash generative companies that issue subordinated or hybrid debt. The team analyses the risk/return of where to invest optimally within the capital structure, from senior to the most junior bonds under a range of scenarios from default to prosperity. Set against their understanding of the evolving market environment, the team selects and sizes each issue so that it contributes appropriately to the portfolio in terms of credit, interest rate and liquidity risk. Ongoing risk management involves monitoring changes in credit ratings, pricing, liquidity and relative positions, and applying fundamental stop losses.

1

Issuer selection

- Form views based on top-down and bottom-up sources
- Fundamental credit analysis identifies companies willing and able to pay

2

Bond selection

- Bottom-up analysis of capital structure and subordinated debt
- Choose investment in optimal part of the capital structure

3

Portfolio construction

- Select and size issues in terms of risk contribution
- Buy and hold mentality; build positions gradually

4

Risk control and portfolio monitoring

- Management of credit risk is of prime importance
- Strong focus on liquidity and mitigating liquidity risk



In the post-2008 era, finding attractive sources of yield has proved a perennial challenge. Nevertheless, it remains possible to construct a high-quality portfolio with a significant yield premium.”

Anthony Smouha
CEO, Atlanticomnium S.A.

Fund facts

Base Currency	USD	GBP	EUR
Fund type	UCITS		
Fund manager	Atlanticomnium S.A.		
Inception date	19 Jul 2011	12 Jul 2011	5 Jul 2011
Currency classes ¹	USD	GBP	EUR, CHF
Index for comparison	Barclays Aggregate Corporate Total Return Index (USD, GBP or EUR)		
Dealing	Each business day		
Investment manager and sponsor fees ²	Ordinary shares: 1.35% Institutional shares: 0.95%		

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.

Important legal information:

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

Credit Risk / Non-Investment Grade: Non-investment grade securities, which will generally pay higher yields than more highly rated securities, will be subject to greater market and credit risk, affecting the performance of the Fund.

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.

Liquidity Risk: Some investments can be difficult to sell quickly which may affect the value of the Fund and, in extreme market conditions, its ability to meet redemption requests.

Concentration Risk: Concentration in a limited number of securities and industry sectors may result in more volatility than investing in broadly diversified Funds.

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.

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 no assurance can be given as to whether such information is accurate, true or complete and GAM makes no warranty, expressed or implied, regarding such information. Every effort has been made to ensure the accuracy of the information provided, but GAM cannot be held responsible for any errors or omissions. While every effort has been made to ensure the accuracy of the financial information herein, you should note that some of the information may be based on unaudited or otherwise unverified information.

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Some of the sub-funds may not be registered for sale in all jurisdictions. Therefore, no active marketing must be carried out for them. Subscriptions will only be received and shares or units issued on the basis of the current fund prospectus.

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SWITZERLAND: The legal documents in German can be obtained free of charge, from the Swiss Representative: GAM Capital Management (Switzerland) Ltd., Hardstrasse 201, CH - 8005 Zurich or on the internet at www.gam.com. Paying Agent is State Street Bank International GmbH, Munich, Zurich Branch, Beethovenstrasse 19, CH-8027 Zurich

GERMANY: The legal documents in English and the KIID in German can be obtained free of charge, from the information agent GAM (Deutschland) GmbH, Taunusanlage 15, D-60325 Frankfurt am Main or on the internet at www.gam.com. Paying Agent is DekaBank Deutsche Girozentrale, Hahnstrasse 55, D-60528 Frankfurt am Main.

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