

**GAM** ..... Holding Ltd

---

BUSINESS REVIEW 2009

---

---

---

# CONTENTS

KEY FIGURES	2
FOREWORD	4
GAM HOLDING LTD	6
GAM	10
SWISS & GLOBAL ASSET MANAGEMENT	15
CONTACTS	19

# Key Figures<sup>1</sup>

	2009 CHF M	2008 CHF M	CHANGE 2009 TO 2008 IN %
<b>Consolidated income statement</b>			
Net fee and commission income	523.1	827.1	-36.8
Performance fees	17.5	1.0	1,584.1
Income from associates <sup>2</sup>	31.7	49.6	-36.2
Other ordinary results	17.0	39.8	-57.2
<b>Operating income</b>	<b>589.3</b>	<b>917.5</b>	<b>-35.8</b>
<b>Operating expenses</b>			
Personnel expenses	259.0	292.3	-11.4
General expenses	130.6	165.7	-21.2
Depreciation and amortisation	10.9	14.0	-22.3
<b>Operating expenses</b>	<b>400.6</b>	<b>472.0</b>	<b>-15.1</b>
<b>Profit before taxes</b>	<b>188.7</b>	<b>445.5</b>	<b>-57.6</b>
<b>Income taxes</b>			
Income taxes	39.1	68.9	-43.3
<b>Net profit</b>	<b>149.6</b>	<b>376.6</b>	<b>-60.3</b>
<b>Gross margin (basis points)</b>			
Gross margin (basis points)	55.7	67.2	-17.1
<b>Cost/income ratio</b>			
Cost/income ratio	68.0%	51.4%	-
<b>Pre-tax margin (basis points)</b>			
Pre-tax margin (basis points)	17.8	32.6	-45.4
<b>Tax rate</b>			
Tax rate	20.7%	15.5%	-
Tax rate (excluding income from associates)	24.9%	17.4%	-
<b>Profit before taxes per segment</b>			
GAM	126.1	321.1	-60.7
Swiss & Global Asset Management	53.2	96.8	-45.0
Group Functions	9.3	27.6	-66.1
<b>Client assets (CHF bn)</b>			
Assets under management (AUM)	113.6	98.8	15.0
Average assets under management	105.9	136.6	-22.5
Net new money	0.4	-24.3	101.7
<b>Personnel</b>			
Number of full-time employees	1,023	1,076	-4.9
of whom in Switzerland	302	361	-16.4
of whom abroad	721	715	0.8

<sup>1</sup> The consolidated pro forma financial results throughout this Business Review have been adjusted to include income from associates (Artio Global Investors Inc.), but exclude the consolidation of Artio Global Investors Inc.'s results in both 2008 and 2009. They also exclude: the impact of the divestment of Julius Baer Group Ltd. by GAM Holding Ltd.; the impact of the IPO of Artio Global Investors Inc.; the reduction in the carrying value of the GAM goodwill and customer relationships; the amortisation of customer relationships and the elimination of non-recurring revenue paid to GAM Holding Ltd. by members of the former Julius Baer group during the period to September 2009.

Including these items the Group's net profit for 2009, as reported in the audited financial statements, amounted to CHF 3,637 million.

<sup>2</sup> Retained stake of 27.9% in Artio Global Investors Inc.

	31 DEC 09 CHF M	31 DEC 08 CHF M	CHANGE 2009 TO 2008 IN %
<b>Consolidated balance sheet</b>			
Cash and cash equivalents	974.2	388.9	150.5
Investment in associates <sup>1</sup>	463.4	-	-
Goodwill, customer relationships, brand	1,396.5	2,810.8	-50.3
Total assets	3,161.4	4,194.2	-24.6
Total equity	2,619.3	3,030.3	-13.6
Tangible equity (total equity excluding goodwill, customer relationships, brand)	1,222.8	219.5	457.1
Return on tangible equity <sup>2</sup>	12.2%	171.6%	-92.9

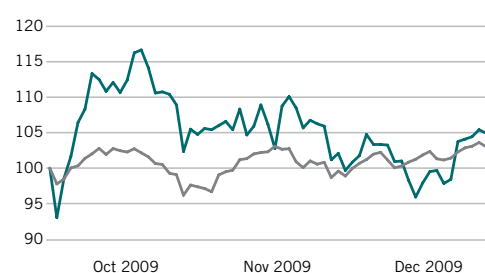
**Ticker symbols**

Reuters	GAMH.VX
Bloomberg	GAM VX

Swiss securities number	10,265,962
ISIN	CH0102659627

Listing	Switzerland
---------	-------------

GAM Holding Ltd. is listed on the SIX Swiss Exchange and is a component of the Swiss Leader Index (SLI), and the Swiss Market Index Mid (SMIM)

**Performance of GAM Holding Ltd. registered shares (indexed)**

Source: Bloomberg — GAM Holding Ltd. — SMIM Index

	2009 CHF	2008 CHF	CHANGE 2009 TO 2008 IN %
<b>Information per registered share</b>			
Book value as of 31 December <sup>3</sup>	6.08	1.06	472.3
EPS	0.72	1.82	-60.2
Dividend proposal 2010	-	N/A	-
Closing price as of 31 December	12.59	N/A	-
High price	14.00	N/A	-
Low price	11.16	N/A	-
Market capitalisation as of 31 December (CHF m)	2,601	N/A	-

	31 DEC 09	31 DEC 08	CHANGE 2009 TO 2008 IN %
<b>Capital structure</b>			
Number of registered shares	206,630,756	211,034,256	-2.1
Weighted average number of registered shares outstanding	206,504,874	206,993,552	-0.2
Share capital (CHF m)	10.3	10.5	-1.9

<sup>1</sup> Retained stake of 27.9% in Artio Global Investors Inc.

<sup>2</sup> Net profit/tangible equity.

<sup>3</sup> Based on tangible equity/registered shares (excluding treasury shares).



## FOREWORD



JOHANNES A. DE GIER  
Chairman and Chief Executive Officer,  
GAM Holding Ltd.



### DEAR READER

2009 was another highly eventful year in financial markets. It began in much the same way as 2008 ended, with the markets in turmoil and investors' risk aversion at very high levels. However, by the end of the year there had been a significant rally in virtually all asset classes, resulting primarily from the direct intervention of governments and central banks. The impact and ramifications of these events are likely to shape the global political, economic, and regulatory landscape for some time to come.

For us, the year was also one of considerable change. In May, Julius Baer Holding Ltd. announced its intention to separate its private banking and asset management businesses into two separately listed, independent groups. On 1 October this separation was successfully completed: the private banking business, under the newly formed Julius Baer Group Ltd., was divested from Julius Baer Holding Ltd. and listed on the SIX Swiss Exchange, and Julius Baer Holding Ltd. was renamed GAM Holding Ltd.

As a result of the successful IPO of Artio Global Investors Inc. on the New York Stock Exchange in September, GAM Holding Ltd. now comprises two distinct asset management businesses: GAM and Swiss & Global Asset Management. Our product range spans equity, fixed income, and alternative investment strategies, private label fund offerings, and discretionary portfolio management services. The Group also retains a 27.9% stake in Artio Global Investors Inc.

The differentially strong positioning of GAM and Swiss & Global Asset Management allows each business to pursue strategies best suited to its specific target markets and client segments. The investment products and services of Swiss & Global Asset Management are primarily focused on traditional investments, while GAM is best known for its alternative and absolute return-oriented strategies.

After a difficult 2008, GAM showed clear signs of recovery in 2009, boosted by the acquisition in May of Augustus Asset Managers Ltd., the London-based fixed income and foreign exchange investment specialist. This acquisition was a valuable addition to GAM's business, particularly given investors' increased appetite for fixed income strategies and the continued strong performance of the products managed by this team. Following net outflows during the first half of the year, GAM recorded positive net new money in the second half of 2009, predominantly into its expanded fixed income range. The institutional alternative segment continues to produce an encouraging pipeline of future business, while the new range of UCITS III alternative funds has started to attract considerable interest from European wealth managers. At the end of 2009, GAM's assets under management were CHF 51.0 billion, up 22% from CHF 41.7 billion at the end of 2008.

Swiss & Global Asset Management enjoyed a very successful year in 2009, underlining the strong positioning of its three business areas – investment funds, institutional solutions, and private labelling. At year-end, the assets under management of Swiss & Global Asset Management were CHF 73.0 billion, up 28% from CHF 57.2 billion at the end of 2008, with half of this increase attributable to net new money. Strong performance was registered across the majority of its product range, both in absolute and relative terms.

The consolidated balance sheet of the Group remains healthy, with tangible equity of CHF 1,223 million, excluding goodwill, brand, and customer relationship assets of CHF 1,397 million.

The basic principle of our capital management policy is to return excess capital to shareholders in the most efficient way possible. However, following the divestment of the Julius Baer Group Ltd., 2010 will be a transitional year for GAM Holding Ltd. with various new and potential uses for our capital, therefore no dividend payment in respect of the business year 2009 will be proposed. Going forward we will be targeting a dividend payout ratio in excess of 50% of net profit.

As we emerge from the financial crisis and look towards the future, I think we are very well positioned to be a leader within the asset management industry. Our purpose and passion remain the same: to generate superior returns for our clients over the mid and long term through the world's finest investment talent. With GAM Holding Ltd. operating as an independent listed entity, our businesses have increased flexibility to build upon their global distribution networks, forming new partnerships with private banks and wealth managers, while continuing to benefit from existing relationships. Moreover, GAM Holding Ltd. has the scale to take advantage of worldwide growth in institutional demand for quality active investment.

Finally, I would like to thank our staff, clients, and shareholders for their trust in us in a challenging market environment. I hope that we will receive their continued support in the year ahead.

Johannes A. de Gier

Chairman and Chief Executive Officer, GAM Holding Ltd.  
Zurich, March 2010

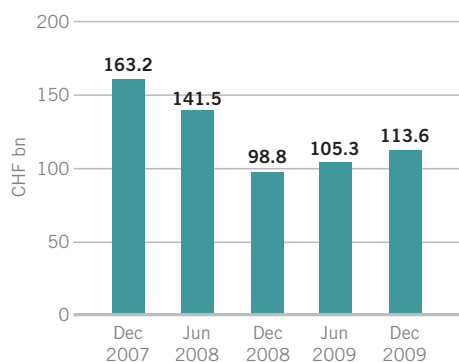
# GAM HOLDING LTD

## ANDREW M. WILLS

Group Chief Financial Officer,  
GAM Holding Ltd.



### GROUP AUM



**TOTAL AUM: CHF 113.6 bn<sup>1</sup>**

As of 31 December 2009

With the separation of the former Julius Baer group and the successful completion of the IPO of Artio Global Investors Inc., GAM Holding Ltd. enters a new phase in its development, as a truly independent asset manager. The strength of our balance sheet should enable us to weather severe future market volatility, and provides us with the capacity to expand our business organically, as well as through targeted and accretive acquisitions. While the 2009 net profit of CHF 150 million is modest by comparison to recent years, it merely underlines the scalability of the Group, in terms of both the assets and the profitability that can be achieved for relatively small marginal cost as and when investors' appetite for risk fully returns.

Group assets under management increased from CHF 98.8 billion at the end of 2008 to CHF 113.6 billion<sup>1</sup> at the end of 2009. The vast majority of this 15% increase was derived from market appreciation in all asset classes, which added CHF 10.9 billion to assets under management.

<sup>1</sup> Excludes CHF 10.4 billion of Julius Baer branded funds distributed by Swiss & Global Asset Management and sub-advised by Augustus Asset Managers Ltd., now owned by GAM.

At CHF 0.4 billion<sup>1</sup>, net new money was positive in 2009, with net inflows of CHF 2.0 billion in the second half of the year offsetting net outflows of CHF 1.6 billion during the first half.

Swiss & Global Asset Management recorded net inflows of CHF 7.9 billion in 2009 (CHF 3.7 billion in the first half, and CHF 4.2 billion in the second half), while GAM recorded net outflows of CHF 4.2 billion for the full year (CHF 5.0 billion of net outflows in the first half, and net inflows of CHF 0.8 billion in the second half of 2009).

Assets under management were also positively impacted by the acquisition in May 2009 of the highly regarded specialist fixed income and currency manager Augustus Asset Managers Ltd., which added CHF 1.9 billion to the overall assets under management of the Group. In addition, the deconsolidation of Artio Global Investors Inc. in September 2009 added a further CHF 1.5 billion of assets under management that previously were unable to be counted at Swiss & Global Asset Management.

Operating income for 2009 amounted to CHF 589 million, down 36% from CHF 918 million in 2008. The majority of this decline resulted from reduced levels of average assets under management, down 23% from CHF 136.6 billion in 2008 to CHF 105.9 billion in 2009, as well as a drop in the gross margin, down from 67.2 basis points in 2008 to 55.7 basis points in 2009. This fall in gross margin resulted from the changing mix of assets under management across the various businesses as clients' risk appetite trended towards fixed income investments, as well as from the growth of the private label fund business and the acquisition of Augustus Asset Managers Ltd.

Performance fees for the year amounted to CHF 17 million, up from CHF 1 million in 2008, and were principally generated by GAM's Asian-focused funds, as well as its currency and global rates hedge funds. At the end of 2009, Group hedge fund assets (including the Julius Baer Absolute Return Bond Funds) amounted to 9% (CHF 9.9 billion) of Group assets under management, with over 80% of these assets now having the potential to earn performance fees for GAM in 2010.

In deriving the Group pro forma financial results for 2008 and 2009, the profit and loss relating to Artio Global Investors Inc. has been fully excluded from consolidation in the Group financial results. Therefore, in order to fairly represent the Group's operating performance, 27.9% of the pro forma net profit of Artio Global Investors Inc. has been included under 'income from associates'. These figures, which have been derived from publicly available information, amounted to CHF 32 million in 2009 and CHF 50 million in 2008. Further information relating to Artio Global Investors Inc. can be found at [www.artioglobal.com](http://www.artioglobal.com).

Other ordinary results fell by 57% from CHF 40 million in 2008 to CHF 17 million in 2009, resulting from a fall in other ordinary results of CHF 9 million at GAM and of CHF 6 million at Swiss & Global Asset Management, reflecting lower interest revenue and reduced levels of trading income, offset by higher foreign exchange gains. The balance of the decline relates to activities of GAM Holding Ltd. during the period prior to 1 October 2009 while it was still the parent of the former Julius Baer group.

Operating expenses across the Group fell 15% to CHF 401 million, as the cost reduction measures introduced over the past three years continued to have a positive impact on the expense base.

<sup>1</sup> CHF 3.7 billion in total before removing double count of net new money relating to Julius Baer branded funds distributed by Swiss & Global Asset Management and sub-advised by Augustus Asset Managers Ltd., now owned by GAM.



---

Despite the acquisition of Augustus Asset Managers Ltd. which added 47 full-time employees, personnel costs fell by 11% year-on-year to CHF 259 million in 2009. This was achieved by lowering the overall number of full-time employees and implementing further reductions in variable compensation payments. The personnel costs for 2009 also include expenses relating to the recently announced long-term incentive plan.

General expenses were actively managed down by CHF 35 million (21%) in 2009 to CHF 131 million through the continuing cost management measures implemented over the past three years.

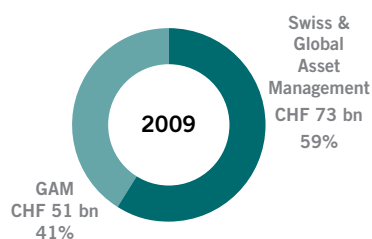
Overall, profit before taxes fell 58% to CHF 189 million, with net profit down 60% to CHF 150 million. This represents a tax rate (excluding income from associates) of 24.9%, which is higher than would normally be expected due to taxes incurred in 2009 relating to prior years at Swiss & Global Asset Management.

The Group has a very strong balance sheet as of December 2009, with total assets of CHF 3,161 million, including CHF 1,397 million relating to the goodwill, customer relationships, and brand derived from the original acquisition of GAM in 2005. The tangible equity of the Group, including its CHF 463 million stake in Artio Global Investors Inc., therefore amounts to CHF 1,223 million. As previously announced, with cash on its balance sheet of CHF 974 million at the end of 2009, the CHF 150 million bond due for payment in March 2010 will not be refinanced.

In order to fairly reflect the Group's operating performance, certain cash and non-cash items, which are considered to be non-recurring, have been excluded from the above commentary but are fully disclosed and reflected in the 2009 financial statements. The more significant of these items include the gain on the divestment of the Julius Baer Group Ltd. by GAM Holding Ltd.; the gain on the IPO of Artio Global Investors Inc.; and the reduction in the carrying value of the GAM goodwill and customer relationships. Including these items, the Group's net profit for 2009, as reported in its audited financial statements, was CHF 3,637 million.

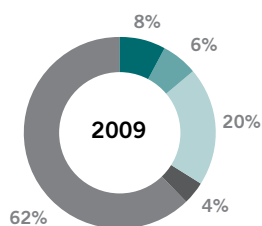
### GROUP AUM

TOTAL AUM: CHF 114 bn<sup>1</sup>



As of 31 December 2009

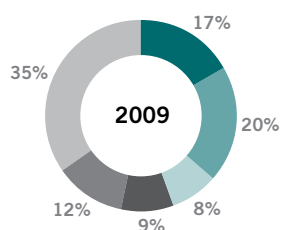
### PORTFOLIO BREAKDOWN - BY CLIENTS<sup>1</sup>



	YEAR ENDED		
	2009	2008	2007
Julius Baer Private Clients	8%	9%	8%
Referred Private Clients	6%	8%	12%
Institutional	20%	18%	19%
GAM Private Clients	4%	6%	7%
Clients - third-party distribution	62%	59%	53%

As of 31 December 2009

### PORTFOLIO BREAKDOWN - BY PRODUCT<sup>1</sup>



	YEAR ENDED		
	2009	2008	2007
Equity	17%	18%	21%
Fixed Income	20%	16%	16%
Managed Portfolios & Composite funds	8%	9%	13%
Hedge	9%	8%	8%
Multi-Manager	12%	17%	19%
Private Label Funds	35%	32%	23%

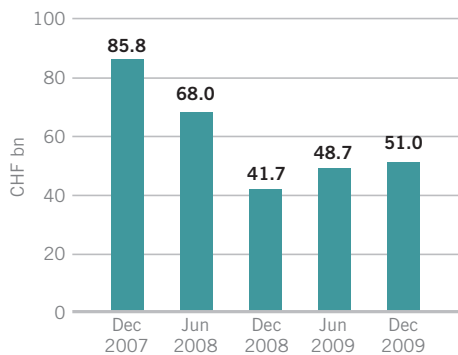
As of 31 December 2009

Further information relating to GAM Holding Ltd. and copies of its 2009 financial statements can be found at [www.gamholding.com](http://www.gamholding.com).

<sup>1</sup> Excludes CHF 10.4 billion of Julius Baer branded funds distributed by Swiss & Global Asset Management and sub-advised by Augustus Asset Managers Ltd., now owned by GAM.



### GAM AUM



### TOTAL AUM: CHF 51.0 bn

As of 31 December 2009

2009 was a momentous year for GAM, given our independent listing as part of GAM Holding Ltd. and the challenges created by the aftermath of the financial crisis. Our response in adapting the business to the new risk-averse environment not only resulted in improved performance in the second half of 2009, but also provides a solid foundation for future growth.

2008 was a year of unprecedented volatility in financial markets, which caused private and retail clients to flee any perceived risk asset. The industry contraction took its toll on GAM, as it did on all asset managers. Having experienced outflows in the last quarter of 2008 and the first quarter of 2009, our challenge in 2009 was to sharpen our business focus and manage expenses pro-actively.

However, the year also proved that our managers had that critical attribute that defines the best investment talent: the ability to respond quickly to new circumstances. The liquidity crisis meant that we had to adapt our fund terms to the changing market environment, while at the same time retaining a strong emphasis on risk and liquidity management – skills that have proven to be all too rare within the asset management industry. These efforts, supported by improving investment performance, served to stabilise outflows by early summer. Excellent liquidity management, relatively strong performance, and positive feedback, particularly from sophisticated clients and consultants, provided further evidence that the severe market turbulence had validated our distinctive investment and risk management processes.

GAM ended the year with total assets under management of CHF 51.0 billion, up 22% from CHF 41.7 billion at the end of 2008.

GAM's operating income of CHF 395 million was 38% lower than 2008. This was primarily as a result of 29% lower average assets under management and a lower gross margin that was impacted by the acquisition of Augustus Asset Managers Ltd. and a change in the overall mix of assets derived from the growth of fixed income products. Throughout the past three years there has been significant focus on cost reduction, and while 2008 costs were significantly down compared to 2007, a further reduction of 14% in overall expenses was achieved in 2009 despite the addition of Augustus Asset Managers Ltd., which added the equivalent of 47 full-time employees to the overall figure of 750. While GAM has been able to reduce total expenses by one third from their peak, it has at the same time maintained all core products and functionality, which showed great effort and commitment from GAM's employees. Profit before taxes for 2009 amounted to CHF 126 million, 61% down on 2008.

Although the financial results for 2009 show the effects of the severe drop in average asset levels, we were pleased to see that the improved performance of our funds and our efforts to respond to the changes in the market place began to have a positive impact on the business during the second half of the year.

Today's business environment is quite different from the one that existed before 2008. We believe that the key to future success is to fully leverage our global distribution network, while continuing to add new, innovative products to ensure our product range remains attractive in an evolving market place. As part of this strategy, the integration of the fixed income and currency specialist asset manager Augustus Asset Managers Ltd. has further strengthened GAM's product offering and its funds have demonstrated exceptional performance and strong growth in 2009. We are also looking to benefit from our independent status by establishing new distribution partners that were previously hesitant to deal with a firm owned by a perceived competitor.

## GAM MULTI-MANAGER

GAM Multi-Manager uses its extensive global team of analysts and proprietary research database to find the best fund managers from around the world, combines them using appropriate strategy allocations, provides ongoing risk and liquidity oversight, and then distributes these distinctive Multi-Manager funds via our strong sales network in Europe, Asia, as well as our newer US institutional network. Following their solid outperformance of the previous year, GAM's flagship funds of hedge funds generally continued to produce solid returns in 2009, as we successfully avoided the industry's casualties and worked diligently to manage risk and correlation. GAM Trading II (USD Open class) advanced 6.6% over the year following a positive return of 5.8% in 2008, while GAM Multi-Diversified LV (EUR Open class) returned 10.2%. During the year this fund was also named 'best performing diversified fund of hedge funds over one year' at the *Hedge Funds Review* European Fund of Hedge Funds Awards. The outstanding long-term performance track record of our largest fund of hedge funds, GAM Diversity, also remains intact despite a relatively modest gain in 2009 that was attributable to our decision to control market risk and focus on liquidity early in the year. In an industry littered with suspended, gated and illiquid funds, GAM's rigorous due diligence, risk control, and portfolio construction should prove a strong differentiator with discriminating clients as they recover their risk appetite for alternative products.

Still suffering from the industry's losses and illiquidity in 2008, the retail and intermediary client base has so far shown little appetite for returning to hedge fund investment. In contrast, the institutional market is showing signs of recovery and GAM is well positioned to benefit from the continued growth of this segment. We believe the breadth and flexibility of our product range, together with our dedicated service model and sophisticated risk management and manager selection processes, are a perfect fit for institutional needs. These factors, and the risk management skill demonstrated throughout the 2008 crisis, have helped us to meaningfully expand our relationships with pension fund consultants – the key to much of the global institutional market. Another promising development is our relatively new success distributing multi-manager funds in structured form with a major domestic Japanese partner.

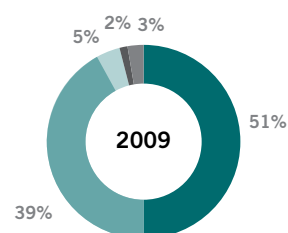
The strengths of our multi-manager business continued to be recognised by prestigious UK industry awards in 2009, including 'Hedge Fund of Funds Provider of the Year' from *Global Pensions* and 'Hedge Fund Provider of the Year' from *Professional Pensions*.

## GAM MANAGED PORTFOLIOS

Along with the entire private wealth management industry, our discretionary portfolio management services were significantly challenged throughout 2009 by the turmoil among the external private banks that provide us with much of our asset base. Nevertheless, there were a number of positive developments over the course of the year.

First and foremost, our core Managed Portfolios products performed strongly and enhanced their compelling track records versus pure equity investment, especially on a risk-adjusted basis, as we managed to protect performance during the weak first quarter and then participate in the subsequent market rally. These results endorse our approach of actively managing a diversified mix of longer-term strategic investments, implemented through talented managers and supported by tactical asset allocation and rigorous risk control. Achieving equity-like returns with roughly half the risk creates a highly compelling long-term investment profile.

## LOCATION OF UNDERLYING FUND MANAGERS OF GAM MULTI-MANAGER BUSINESS



## TOTAL AUM OF GAM MULTI-MANAGER: CHF 13.3 bn

As of 31 December 2009

UK	51%
USA	39%
Asia	5%
Europe	2%
Other	3%

Significant additions were made to our private client management and product specialist teams, and we developed further distribution channels best-suited to our new independent business model. Our product range was enhanced by the launch of a new composite absolute return product in UCITS form, with significant growth potential for onshore investors. Our range of mandates has also been broadened through increased product segmentation and the creation of additional investment profiles that will enable us to offer more customised solutions to our larger clients. This flexibility should widen GAM's appeal in the high-end and most selective segment of the private wealth arena.

### **GAM SINGLE MANAGER FUNDS**

On an absolute basis, GAM's single manager funds produced solid returns in 2009, demonstrating our focus on stable, risk-adjusted performance. As usual, a number of our funds produced particularly note-worthy returns for the year, such as our China hedge and long only funds, our Asian hedge fund, and our US all-cap fund. Most importantly, GAM funds continue with their outstanding long-term track records, as shown by the record total of 33 Lipper awards won in 2009 for consistent long-term performance. The fixed income funds that came to us via Augustus Asset Managers Ltd. also performed strongly and continued to attract meaningful new client inflows throughout the year.

Consistent with our open architecture approach, we continually search for opportunities to offer our clients interesting products managed by the best investment talent available from around the globe. Our long-standing experience distributing funds across Europe has made GAM a particularly attractive partner for US-based managers seeking access to these large, but quite specialised, markets. The development of our product range will remain a key priority for 2010 and we will continue to build our capability across a number of areas that we believe offer growth potential. As well as developing our fixed income offering, we are creating a diverse range of alternative strategies that take advantage of the broader powers of UCITS III regulations and cater to the ongoing demand for the security and tax efficiency typically offered by regulated onshore funds. During 2009, we therefore launched a number of new funds within our existing UCITS umbrella, including GAM Star Global Rates, managed internally, and GAM Star Pharo Emerging Market Debt & FX, run by the highly respected Pharo Global Advisors Ltd. We plan to launch other similar products in 2010 to be run by both internal managers and selected external specialists such as Wadhvani Asset Management.

---

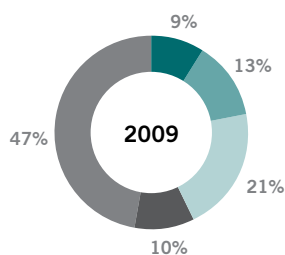
Without question, the turmoil of 2008 and its repercussions created enormous challenges for the business both in terms of rebuilding asset levels and creating new products and structures to meet changing client needs. To these ends, much was achieved in 2009 that lays the groundwork for future growth in assets and, ultimately, profits. Overall, GAM's core products demonstrated our strong manager selection and superb risk control, while our experienced fund development teams added innovative products to ensure our product range remains attractive in an evolving market environment. Looking ahead, our rapid progress in expanding our institutional distribution channels and all the other elements that distinguish GAM from the competition – a stable team, a focus on finding the best investment talent, a technology-driven infrastructure, and robust risk management processes – should provide the business with a solid foundation for growth in the coming years.

---

<b>GAM</b>	2009 CHF M	2008 CHF M	CHANGE 2009 TO 2008 IN %
<b>Income statement</b>			
Operating income	395.3	632.6	-37.5
Operating expenses	269.2	311.5	-13.6
<b>Profit before taxes</b>	<b>126.1</b>	<b>321.1</b>	<b>-60.7</b>
<b>Assets under management (CHF bn as of 31 December)</b>			
<b>Assets under management (CHF bn as of 31 December)</b>	<b>51.0</b>	<b>41.7</b>	<b>22.3</b>
of which Julius Baer	4.5	4.1	11.3
of which UBS	11.0	14.4	-23.9
of which other distribution channels	35.5	23.2	52.9
Change through net new money	-4.2	-21.8	80.8
Change through market appreciation	4.6	-22.8	120.1
Change through acquisition	8.8	0.5	1,695.5
Average assets under management (CHF bn)	46.4	65.8	-29.5
Gross margin (basis points)	85.2	96.2	-11.4
Cost/income ratio	68.1%	49.2%	-
Pre-tax margin (basis points)	27.2	48.8	-44.3
<b>Number of full-time employees</b>	<b>750</b>	<b>768</b>	<b>-2.3</b>

## TOTAL AUM: CHF 51.0 bn

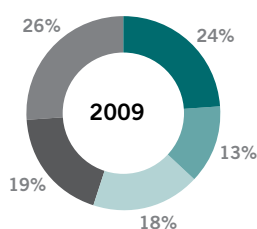
### PORTFOLIO BREAKDOWN - BY CLIENTS



	YEAR ENDED		
	2009	2008	2007
Julius Baer Private Clients	9%	10%	9%
Referred Private Clients	13%	20%	23%
Institutional	21%	20%	17%
GAM Private Clients	10%	14%	13%
Clients - third-party distribution	47%	36%	38%

As of 31 December 2009

### PORTFOLIO BREAKDOWN - BY PRODUCT



	YEAR ENDED		
	2009	2008	2007
Equity	24%	25%	26%
Fixed Income	13%	7%	6%
Managed Portfolios & Composite funds	18%	22%	24%
Hedge	19%	6%	7%
Multi-Manager	26%	40%	37%

As of 31 December 2009

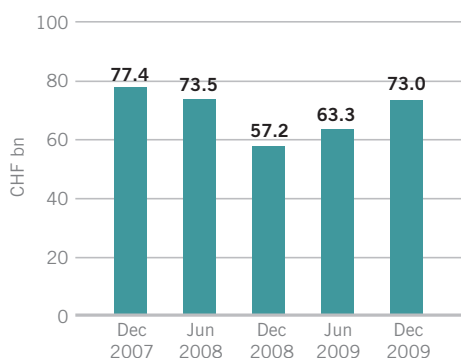
Further information relating to GAM's products and services can be found at [www.gam.com](http://www.gam.com).

# SWISS & GLOBAL ASSET MANAGEMENT

**DAVID M. SOLO**  
Chief Executive Officer,  
Swiss & Global Asset Management



## SWISS & GLOBAL ASSET MANAGEMENT AUM



**TOTAL AUM: CHF 73.0 bn**

As of 31 December 2009

In October 2009, Julius Baer's asset management business became Swiss & Global Asset Management in a step that will enable it to fully implement its growth and business strategy of concentrating on the pure investment management needs of third-party and institutional clients. Its formation responds to some of the fundamental changes taking place within the asset management industry – specifically, investors' search for quality investment products managed by independent and highly competent specialists. In addition to running institutional mandates and private label funds, under an exclusive worldwide licence, Swiss & Global Asset Management has continued to manage and distribute Julius Baer branded funds – a powerful brand, particularly across the European market place.



---

2009 was an important year for Swiss & Global Asset Management due to the separation of the former Julius Baer group and the need to address the fall in assets and revenues during 2008 – a year when weak equity and credit markets led to a rapid rise in risk aversion and the contraction of the entire traditional investment fund business. The separation from Julius Baer was successful, as demonstrated by the fact that all Swiss & Global Asset Management clients and employees remained fully committed to the organisation and no institutional mandates were lost as a result of the separation.

This success was also evident in the steady growth of assets under management, which increased by 28% to CHF 73 billion by the end of the year. Half of this increase is attributable to a high level of net new money inflows through the year, underpinned by good investment performance across the product range both against peers and benchmark indices. Some of the more important contributors to net new money included our new Julius Baer Physical Gold Fund, our proven Julius Baer Absolute Return Bond Funds, and a number of equity funds offering exposure to secular themes such as commodities, life science, energy transition, and infrastructure. In our home market of Switzerland, Lipper's 2009 statistics show that Swiss & Global Asset Management attracted the largest fund inflows of its peer group over six, nine, and 12 months. Whereas many large asset management providers lost market share in the difficult environment, sizable inflows enabled us to grow our Swiss market share from 3.35% to 4.51%.

Our success both in retaining clients through a year of turbulence and change, and in attracting inflows across our wholesale, institutional, and private label businesses resulted from attractive performance, competitive pricing, and high service levels. The strength of the widely-recognised Julius Baer brand, combined with a broad and evolving product range, continue to support our distribution efforts via a platform which now numbers some 1,000 partners across 35 countries.

Although the 2009 financial results of Swiss & Global Asset Management suffered from the lower post-2008 asset base, with average assets under management 8% lower than in 2008, we worked hard to offset the shortfall by controlling expenses and winning new mandates. The effects of a 27% decline in operating income to CHF 166 million were thus partly offset by a 14% reduction in operating expenses, allowing us to make profit before taxes of CHF 53 million, compared to profit before taxes of CHF 97 million in the previous year.

## **INVESTMENT FUNDS**

Despite challenging conditions, especially in the first quarter of 2009, the fund range overall posted strong performance for the year. In fact, a number of our funds moved into the top quartile of their peer group rankings, with our European, Japanese, and Swiss stock funds performing particularly well relative to the competition. Our ability to offer clients a broad range of more than 100 investment funds is one of our key advantages. Although current asset levels in the most profitable equity product range are low, our strong relative performance, our broad range of funds, and our powerful distribution capabilities place us in a strong position as clients regain interest in equities. We will continue to develop our product range, using both internally and externally managed funds, to meet evolving client needs and market conditions, as illustrated by the launch of our three new precious metal funds in January 2010.

## INSTITUTIONAL BUSINESS

A solid increase in assets under management and a growing number of requests for proposal, especially in the second half of 2009, reflect the trust that institutional clients have continued to place in Swiss & Global Asset Management. The current pipeline of institutional business is founded on our focused client retention activities in the wake of the separation from Julius Baer. The business continues to focus on the provision of individual services to clients. One of our key aims is to broaden that client base by entering into new strategic partnerships in existing markets, as well as developing new markets such as the Middle East.

## PRIVATE LABEL FUNDS

Private label funds are bespoke investment funds, branded in the name of the client, and set up by Swiss & Global Asset Management for interested banks, insurance companies, independent asset managers, and institutional clients. Leveraging our expertise and infrastructure in Switzerland, Luxembourg, and the Cayman Islands, we are able to offer clients a number of services, including fund structuring, administration, investment management, and distribution. Fees vary to reflect the type and level of services the client requires.

The private label business, which has designed and set up more than 160 funds since 1991, continues to contribute significantly to the overall asset base of Swiss & Global Asset Management. In 2009, the experienced team successfully built on the company's long-standing reputation as a reliable partner for private label solutions by establishing new partnerships and attracting significant inflows.

---

---

We are confident that all three business areas of Swiss & Global Asset Management offer sustained medium-term growth opportunities, whilst also enabling us to benefit from a number of cross-business synergies. Our efforts to strengthen these businesses will focus on the continued development of our product offering, the securing of new strategic partnerships in Europe and increasingly in Asia, and leveraging existing abilities and systems within the Group. The unique strengths of the business – our proven investment skill, a broad product offering, and a diverse client base – have been the foundations of our success over the past year and should continue to serve us well in the years ahead.

---

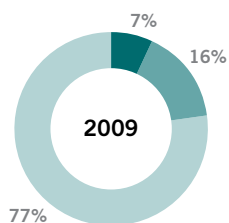
---

## SWISS & GLOBAL ASSET MANAGEMENT

	2009 CHF M	2008 CHF M	CHANGE 2009 TO 2008 IN %
<b>Income statement</b>			
Operating income	166.4	228.4	-27.1
Operating expenses	113.2	131.6	-14.0
<b>Profit before taxes</b>	<b>53.2</b>	<b>96.8</b>	<b>-45.0</b>
<b>Assets under management (CHF bn as of 31 December)</b>			
<b>Assets under management (CHF bn as of 31 December)</b>	<b>73.0</b>	<b>57.2</b>	<b>27.7</b>
of which traditional business	33.5	25.8	29.9
of which Private Label Funds	39.6	31.4	26.1
Change through net new money	7.9	-2.5	416.1
Change through market appreciation	6.6	-17.7	137.3
Change through deconsolidation	1.5	-	-
Average assets under management (CHF bn)	64.9	70.9	-8.5
Gross margin (basis points)	25.6	32.2	-20.5
Cost/income ratio	68.0%	57.6%	-
Pre-tax margin (basis points)	8.2	13.7	-40.1
<b>Number of full-time employees</b>	<b>266</b>	<b>309</b>	<b>-14</b>

## TOTAL AUM: CHF 73.0 bn

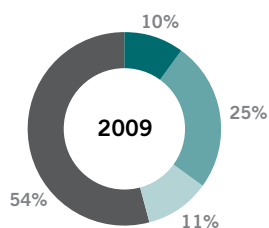
### PORTFOLIO BREAKDOWN - BY CLIENTS



	YEAR ENDED		
	2009	2008	2007
Julius Baer Private Clients	7%	8%	8%
Institutional	16%	21%	22%
Clients - third-party distribution	77%	71%	70%

As of 31 December 2009

### PORTFOLIO BREAKDOWN - BY PRODUCT



	YEAR ENDED		
	2009	2008	2007
Equity	10%	13%	16%
Fixed Income	25%	23%	26%
Hedge	11%	9%	10%
Private Label Funds	54%	55%	48%

As of 31 December 2009

Further information relating to Swiss & Global Asset Management's products and services can be found at [www.swissglobal-am.com](http://www.swissglobal-am.com).



# CONTACTS

## CORPORATE CALENDAR

<b>13 April 2010</b>	Ordinary Annual General Meeting, Zurich-Kloten
<b>13 April 2010</b>	Interim Management Statement
<b>24 August 2010</b>	Release of half-year results, Zurich
<b>15 November 2010</b>	Interim Management Statement

## GAM HOLDING LTD

Klausstrasse 10  
P.O. Box  
CH-8034 Zurich  
Switzerland  
T +41 (0) 58 426 37 00  
F +41 (0) 58 426 30 31  
gamholding@gam.com

## INVESTOR RELATIONS

Thomas Schneckenburger  
T +41 (0) 44 256 88 33  
gam@bluechip-financial.ch

## MEDIA RELATIONS

Jürg Wildberger  
T +41 (0) 43 344 42 42  
F +41 (0) 43 344 42 40  
gam@konsulenten.ch

[www.gamholding.com](http://www.gamholding.com)

*“Forward-looking statements”*

The Business Review of GAM Holding Ltd. (“the Company”) may contain statements that constitute “forward-looking statements”, including, but not limited to, statements about the outlook for the Company’s financial performance, its future plans and objectives, and their anticipated effect on the Company’s business and future development. The Company has tried to identify those forward-looking statements by using words such as “may”, “should”, “expect”, “intend”, “estimate”, “anticipate”, “project”, “believe”, “predict”, and similar expressions. Such statements are made on the basis of assumptions and expectations which, although the Company believes them to be reasonable at the time, may prove to be erroneous as forward-looking statements necessarily involve risks and uncertainties which could cause actual developments and results to differ materially from expectations. These 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; changes in the size, capabilities, and effectiveness of the Company’s competitors. The Company is not under, and expressly disclaims any obligation, to update or amend its forward-looking statements for any reason.

# **GAM** ..... Holding Ltd

---

Klausstrasse 10, P.O. Box, CH-8034 Zurich, Switzerland  
T +41 (0) 58 426 37 00 F +41 (0) 58 426 30 31  
[www.gamholding.com](http://www.gamholding.com)

---