

## Press Release

# GAM Holding AG: Interim management statement for the period to 31 March 2015

Zurich, 21 April 2015

- **Investment Management assets under management of CHF 73.7 billion**
  - **Swiss franc appreciation in the first quarter 2015 had a negative impact of CHF 4.1 billion on assets under management**
  - **Market performance and net new money inflows had a positive impact of CHF 1.7 billion, limiting the total decrease in assets under management to CHF 2.4 billion**
  - **Net new money inflows, across a number of strategies with growing traction, more than offset concentrated redemptions**
- **Private Labelling assets under management of CHF 49.6 billion**
  - **Net new money inflows and positive market performance drove assets up by CHF 2.5 billion, despite adverse currency impact from strengthening Swiss franc**
- **Tangible equity up CHF 4.8 million from 31 December 2014, at CHF 545.4 million**

### Investment Management

Assets under management in Investment Management, as of 31 March 2015, amounted to CHF 73.7 billion, compared to CHF 76.1 billion at the end of December 2014. As anticipated at the presentation of GAM's annual results on 3 March 2015, the appreciation of the Swiss franc following the Swiss National Bank's decision to abandon its minimum exchange rate policy against the euro had a negative impact on reported asset levels.

The majority of assets under management of GAM's Investment Management business are denominated in foreign currencies. Overall, the translation of these assets into GAM's Swiss franc reporting currency reduced them by CHF 4.1 billion. The biggest impact came from the movement in the EUR/CHF exchange rate, which declined by 13% since 31 December 2014, affecting around a third of assets in Investment Management.

This was partially offset by the positive impact of market performance in the first quarter and net new money inflows, which were achieved across many asset classes. Particularly successful contributors were the Julius Baer-branded Japanese directional and European long-short equity strategies. Strongly performing specialist fixed income products such as the GAM-branded cat bond and credit opportunities strategy, focussed on investment grade credit, and the Julius Baer-branded total return strategy continued to see resilient client demand. Solid net inflows also came from GAM's global rates strategy. The local emerging market bond strategy continued to be affected by volatile market sentiment, and flows for the quarter were flat. Net flows into multi-asset class solutions were positive, most notably into mandates for European institutions and model portfolios for independent financial advisors.

The absolute return/unconstrained bond strategy saw ongoing outflows from financial intermediaries, largely offset by significant mandate wins from institutional clients around the globe. GAM's Chinese equity strategy recorded net outflows, following recent soft

performance. Over the past month, however, the strategy's performance as well as investor sentiment for the asset class have markedly improved. Launched in 2007, GAM's Chinese equity strategy is one of the largest and most established in the market, and its long-term track record remains amongst the strongest of its peer group. Net outflows were experienced also in traditional funds of hedge funds, in line with broad market trends.

### **Private Labelling**

Private Labelling – the area providing outsourcing solutions to third parties and contributing around 7% of GAM's revenues – ended the quarter with assets under management of CHF 49.6 billion. Assets increased by CHF 2.5 billion from 31 December 2014, reflecting positive market performance and net new money inflows. The negative impact from foreign exchange was CHF 1.5 billion – smaller than in Investment Management, as the majority of Private Labelling assets are denominated in Swiss francs.

Net inflows were recorded in Swiss-domiciled funds, while offshore funds experienced net redemptions, and flows into the Luxembourg business were flat.

### **Mid-term strategic initiatives: GAM to be adopted as master brand for the Group as of 1 June 2015**

The implementation of GAM's mid-term strategic initiatives announced early March – focussed on brand building, integration of the operating landscape and growth through organic investment and acquisitions – is on track.

From 1 June 2015, all of the Group's businesses will be represented by the GAM brand. The Swiss & Global Asset Management name will be discontinued and 'Julius Baer Funds', licensed under an exclusive agreement with Bank Julius Baer, will be retained as a pure product brand.

Group CEO Alexander Friedman said: "The shift to a simpler branding reflects our strategic move towards internal integration and the delivery of a consistent experience to our clients. This will also help as we raise our profile in the market; as a company built by investors for investors, we offer a broad set of market-leading capabilities that deserve a flagship brand."

### **Update on tangible equity and share buy-back programme**

Tangible equity as at 31 March 2015 was CHF 545.4 million, up from CHF 540.6 million at year-end 2014. This development reflects continued levels of healthy profitability, which was partly offset by foreign exchange translation effects and continued share buy-backs. Cash and cash equivalents amounted to CHF 564.3 million.

At GAM's Annual General Meeting (AGM) on 30 April 2015, its shareholders will be asked to approve a dividend of CHF 0.65 per share for 2014, resulting in a total cash distribution of around CHF 104 million.

Shareholders will also vote on the cancellation of 3.3 million shares repurchased in 2014 under GAM's buy-back programmes.

The current share buy-back programme, launched in April 2014, allows for the repurchase of up to 16.7 million shares over a maximum period of three years. Absent opportunities for growth investments, these repurchases are intended to add flexibility in returning excess cash

to shareholders, complementing future dividend payments. During the first quarter 2015, GAM bought back 0.9 million of its own shares, bringing total repurchases under the programme to 2.9 million shares (17% of the maximum limit).

As at 31 March 2015, the number of outstanding GAM shares was 160.7 million (161.2 million at year-end 2014), reflecting the company's share buy-back activities and the use of 0.3 million shares for the net settlement of the last outstanding employee options issued under the 2009 Long-term Incentive (LTI) plan. With the introduction of the deferred equity-based schemes described in GAM's Annual Report, no further grants will be made under the 2009 LTI plan.

#### **Forthcoming events:**

<b>30 April 2015</b>	Annual General Meeting
<b>5 May 2015</b>	Ex-dividend date
<b>6 May 2015</b>	Dividend record date
<b>7 May 2015</b>	Dividend payment date
<b>11 Aug 2015</b>	Half-year results 2015
<b>20 Oct 2015</b>	Interim management statement Q3 2015

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#### **About GAM**

GAM is one of the world's leading independent, pure-play asset managers. It provides active investment solutions and products for institutions, financial intermediaries and private investors, under two brands, GAM and Julius Baer Funds. Its core investment business is complemented by private labelling services, which include fund administration and other support services to third-party institutions. GAM employs over 1,000 people in 11 countries with investment centres in London, Zurich, Hong Kong, New York, Lugano and Milan. The investment managers are supported by an extensive global distribution network.

Headquartered in Zurich, GAM is listed on the SIX Swiss Exchange and is a component of the Swiss Market Index Mid (SMIM) with the symbol 'GAM'. The Group has assets under management of CHF 123.3 billion\* (USD 127.0 billion)\*.

\* Source: GAM. Data as at 31 March 2015.

### **Disclaimer regarding forward-looking statements**

This press release by GAM Holding AG ('the Company') includes forward-looking statements that reflect the Company's intentions, beliefs or current expectations and projections about the Company's future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industry in which it operates. Forward-looking statements involve all matters that are not historical facts. The Company has tried to identify those forward-looking statements by using words such as 'may', 'will', 'would', 'should', 'expect', 'intend', 'estimate', 'anticipate', 'project', 'believe', 'seek', 'plan', 'predict', 'continue' and similar expressions. Such statements are made on the basis of assumptions and expectations which, although the Company believes them to be reasonable at this time, may prove to be erroneous.

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