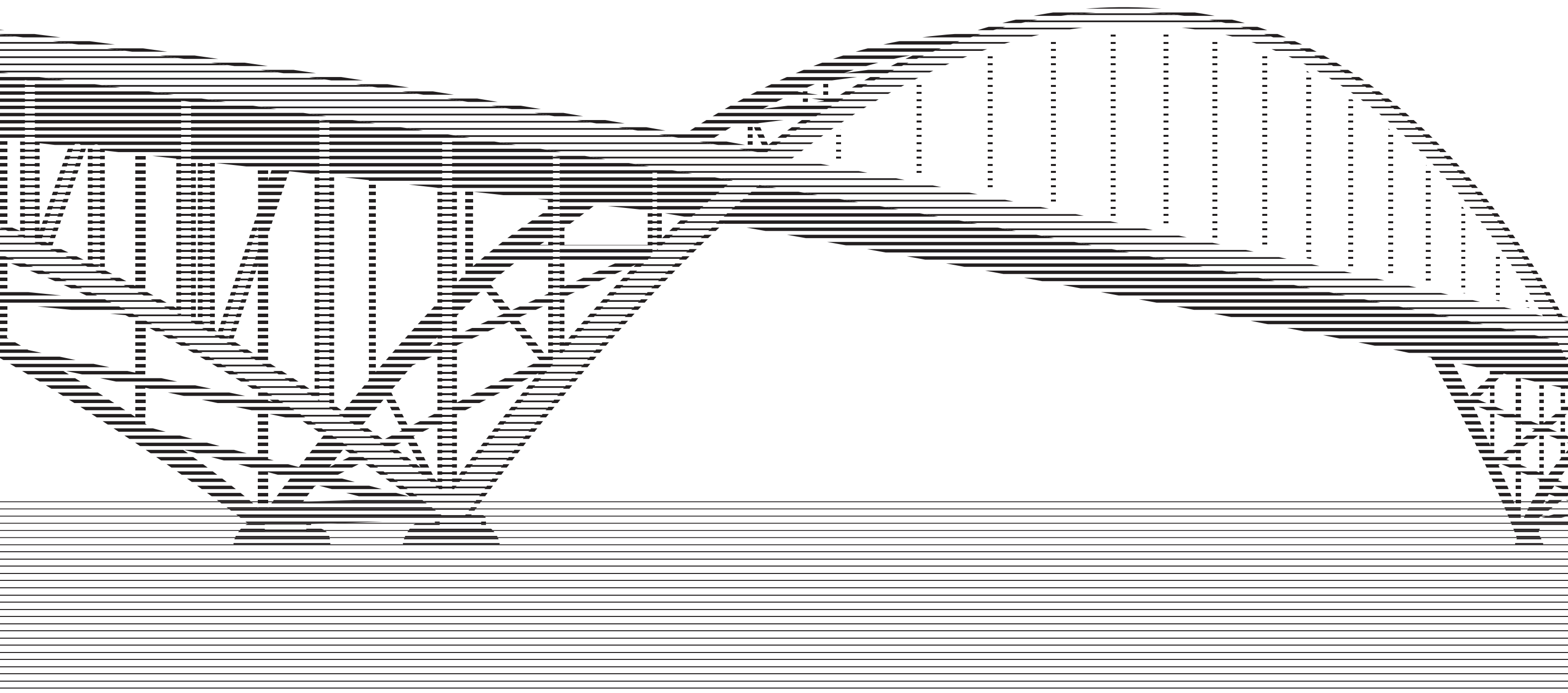
ANNUAL 2015 REPORT



GAM Advancing potential

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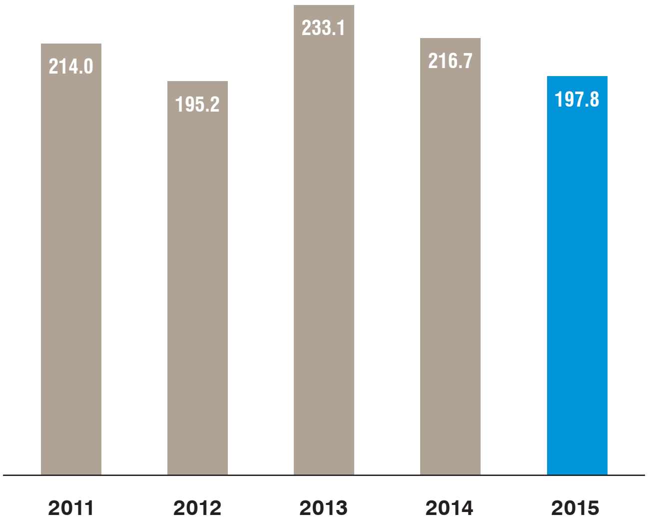
KEY FIGURES

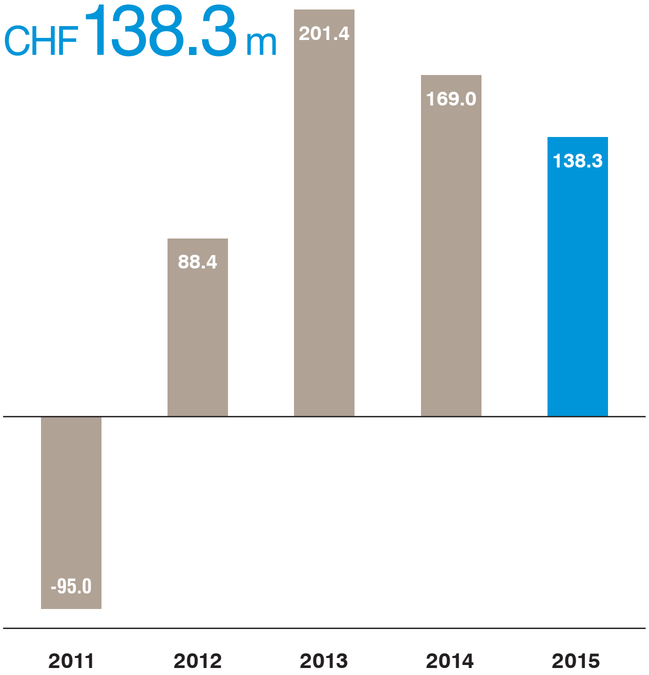
Underlying profit before taxes (CHF m)

CHF 197.8 m



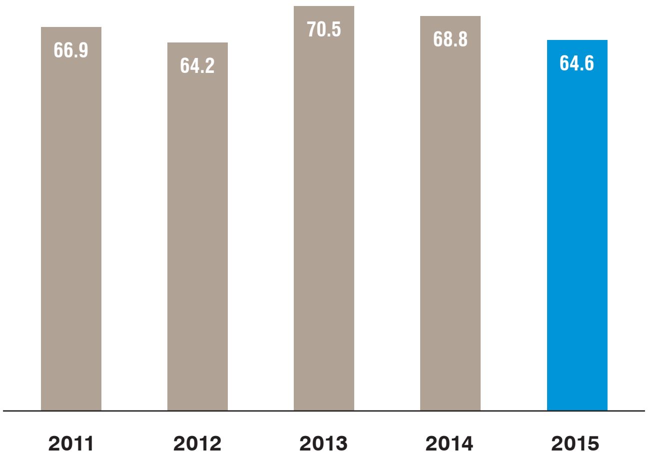
IFRS net profit/(loss) (CHF m)

CHF 138.3 m



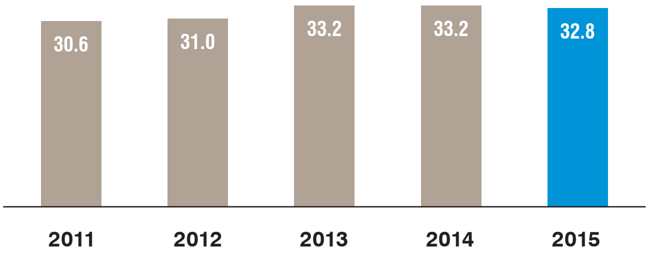
Management fee margin – investment management (bps)

64.6 bps



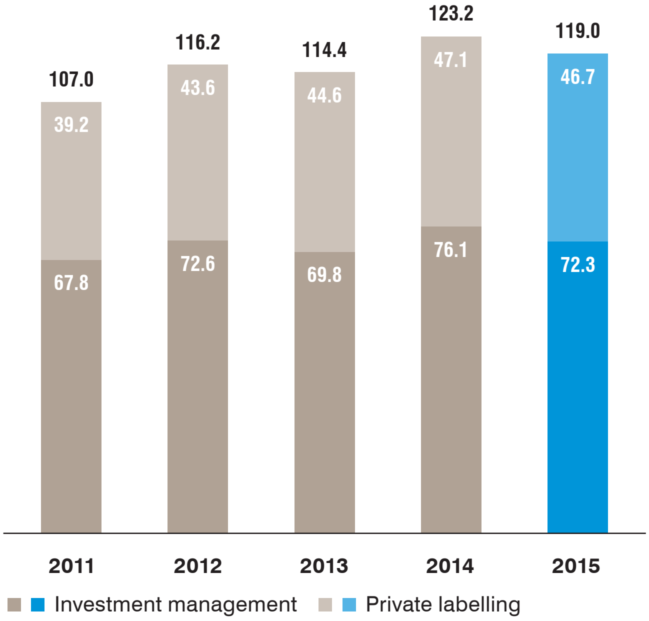
Operating margin (%)

32.8 %



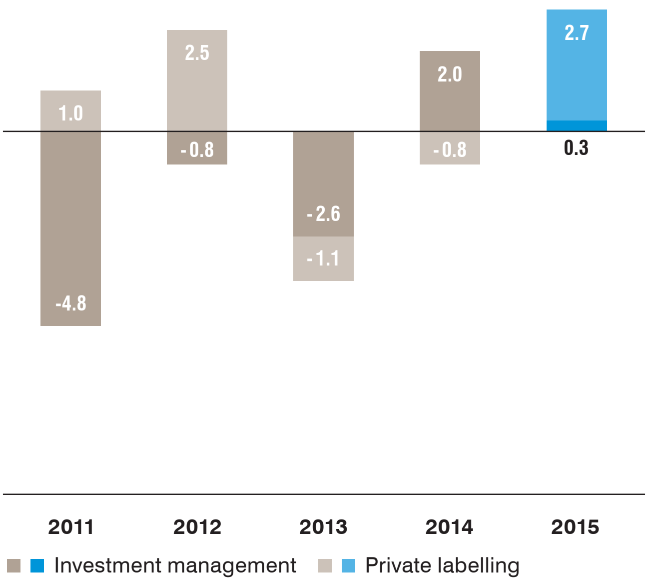
Assets under management (CHF bn)

CHF 119.0 bn



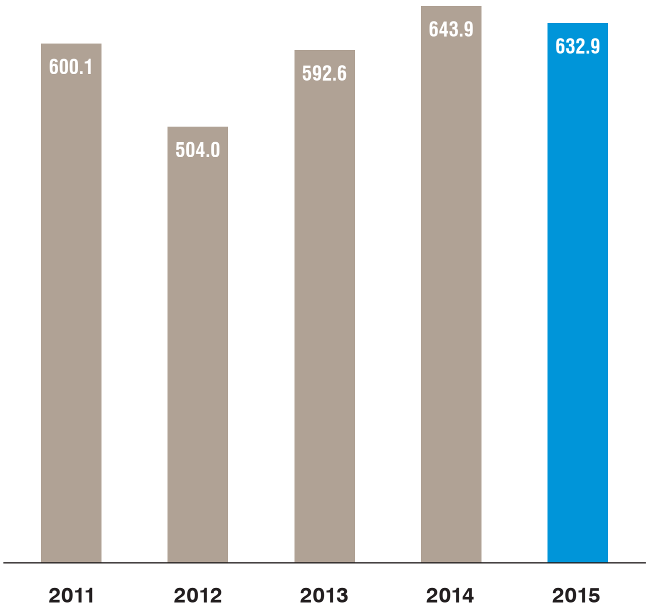
Net flows (CHF bn)

CHF 3.0 bn



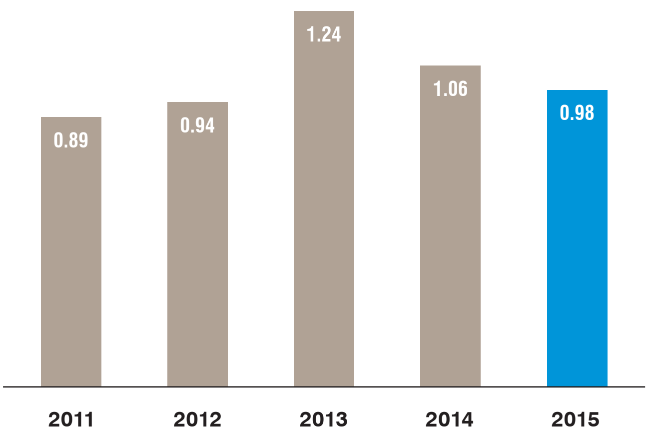
Net cash (CHF m)

CHF 632.9 m



Diluted underlying EPS (CHF)

CHF 0.98



OUR BOARD OF DIRECTORS





From top left to bottom right

Johannes A. de Gier: Chairman of the Board of Directors, Chairman of the Governance and Nomination Committee and member of the Compensation Committee

Tanja Weiher: member of the Audit Committee and member of the Governance and Nomination Committee (Tanja Weiher stepped down from the Board with effect from 14 January 2016)

Diego du Monceau: Chairman of the Compensation Committee and member of the Audit Committee

Daniel Daeniker: Vice Chairman of the Board of Directors, member of the Compensation Committee and member of the Governance and Nomination Committee

Hugh Scott-Barrett: Chairman of the Audit Committee

OUR GROUP MANAGEMENT BOARD







From top left to bottom right

Alexander S. Friedman: Group Chief Executive Officer

Scott Sullivan: Group General Counsel / Region Head Asia Pacific

Andrew Hanges: Region Head UK

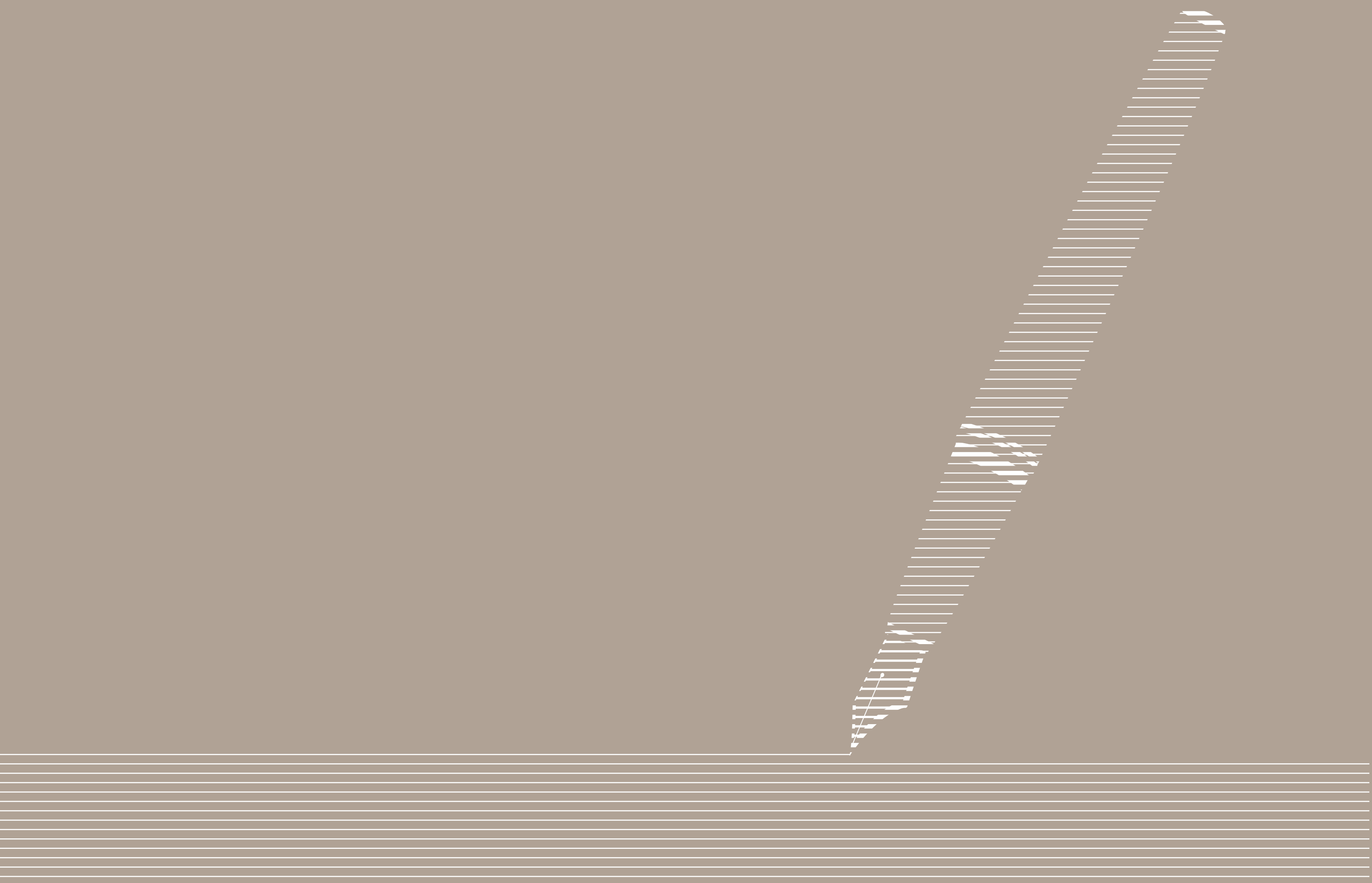
Larissa Alghisi Rubner: Group Head of Communications

Craig Wallis: Group Head of Distribution and Operations

Richard McNamara: Group Chief Financial Officer

Martin Jufer: Region Head Continental Europe

CHAIRMAN CEO LETTER



Dear Reader

One year ago we set out our strategic agenda for the coming years. Since then we have focused on disciplined execution, addressing three critical areas: our brand, our operating model and our growth strategy.

While the transition is not yet complete, we have made good progress on all three fronts, even against a challenging market backdrop. The objective evaluation of our operating platform we performed over the course of the first half of 2015 helped us to determine ways to substantially increase our efficiency. As a consequence, we began the implementation of a new single operating model that will better prepare us for the challenges and opportunities ahead.

As part of our unified operating model, we are outsourcing all fund accounting and middle office processes to State Street, a specialised provider for these complex and scale-driven services. The project is well on track and, as anticipated, will be substantially completed by the end of 2016. As communicated in August last year, it will reduce our annual cost structure materially.

This major reorganisation, regrettably, will result in job reductions over the course of 2016. In order to provide employees for whom we cannot find a suitable role within the Group with appropriate compensation, we made provisions for redundancy payments. Combined with other reorganisation costs in connection with this new operating model and other repositioning efforts, this resulted in a non-recurring charge to our 2015 IFRS net profit.

As part of our drive to focus on core activities, we streamlined our private labelling business and sold our fund administration unit in the Cayman Islands. Our private labelling activities going forward will concentrate on the provision of management company services and tailored third-party solutions for funds domiciled in Europe.

In investment management, we thoroughly assessed our product range and decided to close or merge 41 funds, and did this with a de minimis loss of client assets. This will help us focus our resources most effectively and also create capacity to develop and support new product launches to drive our organic growth.

With respect to new offerings, we have a pipeline of promising new products in absolute return, multi asset and trade finance.

Given the strong success of our European long/short equity strategies, we have recently launched a market neutral US equity strategy, which will further bolster our leading absolute return range. In multi asset, we will shortly be launching two target return strategies that combine our asset allocation skills with our deep experience in absolute return idea generation and execution. In private debt, where we see interesting investment opportunities as banks withdraw from parts of the lending markets, we are in the process of rolling out an institutional trade finance strategy.

We are also constantly on the lookout for teams that allow us to provide our clients with the investment solutions they require. In 2015 we acquired the real estate debt business of Renshaw Bay and its team of 10 investment professionals. While this is not yet a large business, it adds an important capability to our offering, one that provides attractive opportunities for investors. We are optimistic about its growth potential and intend to launch a second real estate debt fund by mid-year, following the successful investment of the capital raised for the first fund that closed to new subscriptions in 2015.

In 2015 we brought in a number of new senior leaders. Richard McNamara joined as Group Chief Financial Officer, Larry Hatheway as Group Chief Economist and Head of the newly created Multi Asset Portfolio Solutions group and Tim Dana joined as Head of Corporate Development. Larry and Tim will be joining the Group Management Board in 2016, subject to regulatory approval.

Finally, we also launched our new GAM brand, new website and a targeted external marketing campaign to better reflect the evolving nature of our firm.

2015 results

The work we undertook in 2015 is not yet fully visible in our financial results. This is not a surprise – we always knew our plans would take a few years to be realised in their entirety. The transition we embarked on is proceeding on schedule and will give GAM a solid foundation for future profitable growth. Even in difficult times, our business is resilient and well positioned to take advantage of the opportunities we see in our industry over the coming years.

“

Our business is resilient and well positioned to take advantage of the opportunities we see in our industry over the coming years.”

After an encouraging first half, we ended 2015 with **Group assets under management at CHF 119.0 billion**, CHF 4.2 billion lower than at the start of the year. Investment management had net inflows in a very difficult environment, but ended the year with total assets CHF 3.8 billion lower, at CHF 72.3 billion, reflecting the negative impact from markets and foreign exchange movements (the strengthening of the Swiss franc). Client sentiment severely weakened as the market turmoil in the third and fourth quarters took hold. The solid inflows we achieved in the first half of the year were heavily offset by redemptions in the second half, and for the full year net inflows in investment management were a disappointing CHF 0.3 billion. Private labelling had CHF 2.7 billion of net inflows, which were largely offset by the sale of our Cayman business and the associated CHF 2.2 billion of assets under management. This sale and negative market and foreign exchange movements resulted in a decline in private labelling assets under management of CHF 0.4 billion to CHF 46.7 billion.

Net management fees and commissions declined 5% in 2015 as a result of a decline in the management fee margin driven by the mix of net flows across products and client segments, in particular outflows from intermediated wholesale products. This particularly impacted our unconstrained/absolute return bond strategy, which missed its Libor plus return targets amid challenging conditions in bond markets. On the other hand, inflows from institutions were largely resilient and some of our key strategies outperformed in this challenging market environment. Performance fees rose 26% to CHF 82.8 million, driven by strong contributions from the non-directional equity range and our global rates strategy.

Our diligent control on costs and a reduction in variable compensation helped us to somewhat mitigate the impact from lower net fees and net other income. As a result, our **underlying pre-tax profit of CHF 197.8 million** in 2015 was down 9% from the previous year, while our operating margin only declined slightly to 32.8%. The compensation ratio, which tracks our ability to manage our largest expense category (personnel expenses) in line with net fee and commission income, was broadly unchanged at 48.3%, underscoring our flexible remuneration structures.

Diluted underlying earnings per share for 2015 were 8% lower at CHF 0.98, as the benefit of our share buy-back programme through the reduction in the number of shares outstanding could only partly offset the decline in underlying net profit. In line with our commitment to sustainable, progressive and predictable dividend payments, the Board of Directors proposes to leave the **dividend unchanged at CHF 0.65 per share**, subject to shareholders’ approval at the upcoming Annual General Meeting on 27 April 2016.

Under IFRS, our net profit was CHF 138.3 million. The IFRS figure includes two items that are not reflected in the underlying results – non-recurring charges totalling CHF 6.2 million and acquisition-related charges of CHF 13.9 million (all net of taxes). The former include the reorganisation charge of CHF 9.5 million (net of a pension fund curtailment credit) mentioned earlier plus deal and integration costs and were partly offset by the gain of CHF 4.5 million from the sale of our Cayman fund administration business. Acquisition-related charges include the amortisation of client relationships from previous acquisitions and an adjustment to deferred consideration liabilities related to these acquisitions. These liabilities represent the part of the purchase price that was deferred over multiple years and is aligned with the profitability of these businesses.

Summary and outlook

In 2015 we began a transition that will continue for us in 2016 and result in a significantly improved business capable of delivering attractive growth and profitability over the longer term. This ambition is reflected in our financial targets. Over a business cycle, which we define as five to eight years, we aim to increase diluted underlying earnings per share in excess of 10% on an annualised basis. By keeping tight control on costs, while still investing in the business, we are confident that over a business cycle we will be able to realise the operating leverage inherent in our business and achieve an operating margin of 35–40%.

“We are building the foundation to position GAM for the right kind of future growth.”

2016 has begun with renewed turbulence in the financial markets. Diverging monetary policy against the backdrop of weak global growth along with concerns over the economic slowdown in China and the trajectory of oil prices are keeping markets volatile.

Furthermore, worries about broader financial stress at a time when central banks and regulators may be limited in their tools to respond are affecting investor sentiment and flows. In the aftermath of the 2008 financial crisis, episodes of market weakness were largely muted by monetary policy action. Today, it could be argued that central banks have fewer options available and it will be the fiscal policy response that is more important. Given the political uncertainty around the globe, this dynamic may further exacerbate the deterioration in market sentiment we have seen since the beginning of the year.

Like a number of market observers, we believe that markets have possibly become overly bearish. However, we understand that under these circumstances many clients may want to adopt a more cautious approach in their allocation decisions. No single asset class is likely to deliver indiscriminate outperformance, and overall market returns in the coming years will probably be lower than in the past six years. Investing will, no doubt, be challenging. As high-conviction, high tracking error active asset managers, the environment ahead should provide opportunities for us to outperform, but we will not be immune to negative market trends.

Following the strategic steps initiated in 2015, we are focused on executing against our plans. We have a number of exciting product launches in the pipeline and are working on compelling possible acquisitions, keeping to our strict financial criteria.

Thanks to the tireless efforts of our employees and the trust and support from our clients and shareholders, we are building the foundation to position GAM for the right kind of future growth.

With best regards,

Johannes A. de Gier
Chairman

Alexander S. Friedman
Group CEO

Zurich, 1 March 2016

THE BUSINESS REVIEW

STRATEGY OVERVIEW

Our strategy at a glance

Purpose

Advancing the potential of our clients' capital

Approach

Diversified	Active investing
Pure-play asset manager with broad capabilities for diverse client segments	Specialist in active, high-conviction investing, unrestricted by a 'house view'
Client-centric	**Global**
Thought leadership and decision making to serve client needs: 'Built by investors, for investors'	Global investment perspective with worldwide distribution reach and local relevance

Resources

People

- 1,000+ employees
- Collaborative culture
- Accountability powered by independent thinking

Capital

- Solid cash and capital position
- Supports targeted growth, organic and through acquisitions
- Sustainable shareholder returns

Platform

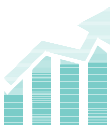
- Efficient business model
- Integrated distribution
- Effective infrastructure

Brand

- A reputation built over 30+ years
- Proven talent retention
- Worldwide client recognition and trust

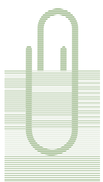
Positioned to benefit from industry and market trends

Demography: Rising need for capital to be professionally managed



Volatile markets, low yields: Strong demand for low-correlation absolute return products

Specialised active management: Shift from traditional allocations, which had been supported by loose monetary policy, to specialty investments, solutions and alternatives



Policy divergence: Favours bottom-up fundamental analysis and asset allocation solutions

Our financial targets

Annualised growth in **diluted underlying earnings per share**

in excess of 10%

Operating margin of

35–40%

Both to be achieved over a business cycle, which we define as five to eight years

Progress on strategic initiatives

External recognition & brand building

- Simplified brand architecture with focus on GAM master brand
- New brand identity and website launched in November 2015
- External placement of investment content and thought leadership doubled from 2014

Operating model simplification

- Implementation of new operating model on track for completion end-2016
- Sale of Cayman fund administration business in the fourth quarter of 2015
- Streamlining of product range, with 41 funds closed / merged in 2015 with a de minimis loss of assets

Growth initiatives

- Acquisition of Renshaw Bay real estate debt business closed in October 2015
- Development of new US long/short equity strategy managed in-house
- Launch of Indian equity fund managed by external specialist in Mumbai
- Several new products in pipeline for 2016 launch, including an institutional trade finance strategy and target return multi asset funds
- Multi Asset Portfolio Solutions under new leadership of Group Chief Economist hired in September 2015
- Head of Corporate Development hired to lead M&A strategy

OUR STRATEGY

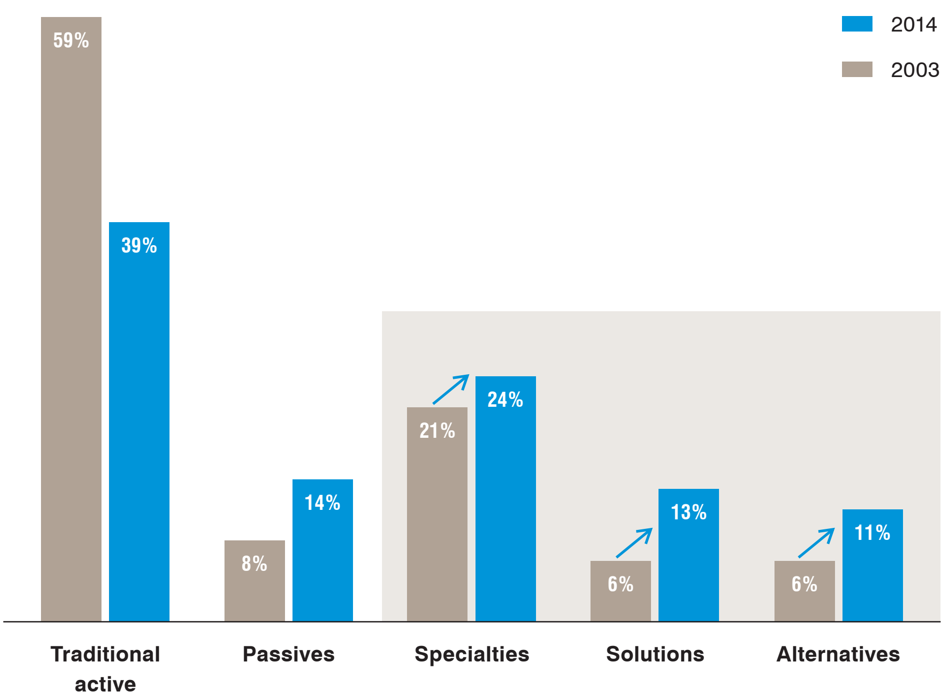
Our approach

We are a global asset management firm built by investors for investors. For more than 30 years, we've been providing active investment solutions across a broad range of capabilities. Our job is to put clients' capital to work to help them achieve their aspirations. We value original thinking, integrity, swift decision making and a disciplined approach to investing.

The amount of professionally managed assets across the globe has grown consistently in recent years. According to industry data[1], in 2014 it reached the third consecutive annual record of USD 74 trillion. Over the long term, we expect that demographic trends necessitating private retirement plans and the expected increase in wealth in the emerging economies will help drive the need for professionally managed solutions.

While the shift from traditional actively managed products – such as domestic large-cap equity and government debt funds – to passively managed products has continued, specialty strategies, solutions and alternative investments saw their share of global assets increase as well.[2] It is on this side of the investment spectrum, which collectively over the next few years is forecast to attract more than two thirds of net industry inflows (see chart 'Estimated share of industry flows'), that we are positioned.

Professionally managed assets globally



Source: The Boston Consulting Group, Global Asset Management 2015 – Sparking Growth with Go-to-Market Excellence, July 2015.

Our foundation is in high-conviction investing, and thanks to this, we are able to attract top-level professionals who value the entrepreneurial spirit our company offers. With over 1,000 people in 11 countries, we are a global firm in scale and resources, yet small enough to remain flexible to meet clients' needs. We execute our strategy in a disciplined fashion, from day-to-day operations to internal efficiency initiatives to growth projects and acquisitions. As an independent company, we pursue and develop our business free from the compromises, restrictions and pressures typically seen in larger financial organisations.

[1] The Boston Consulting Group, Global Asset Management 2015 – Sparking Growth with Go-to-Market Excellence, July 2015.

[2] The Boston Consulting Group defines traditional active products to include domestic large-cap equity, government fixed income, money market, and structured products. Passives include equity and fixed income ETFs and other passive products. Specialties on the equity side include foreign, global, emerging market, small- and mid-cap, and sector products; and on the fixed income side – credit, emerging market, global, high yield and convertible products. Solutions include absolute return, target date, global asset allocation, flexible, income and volatility funds; multi asset and traditional balanced products and liability-driven investment strategies. Alternatives include hedge funds, private equity, real estate, infrastructure and commodity funds.

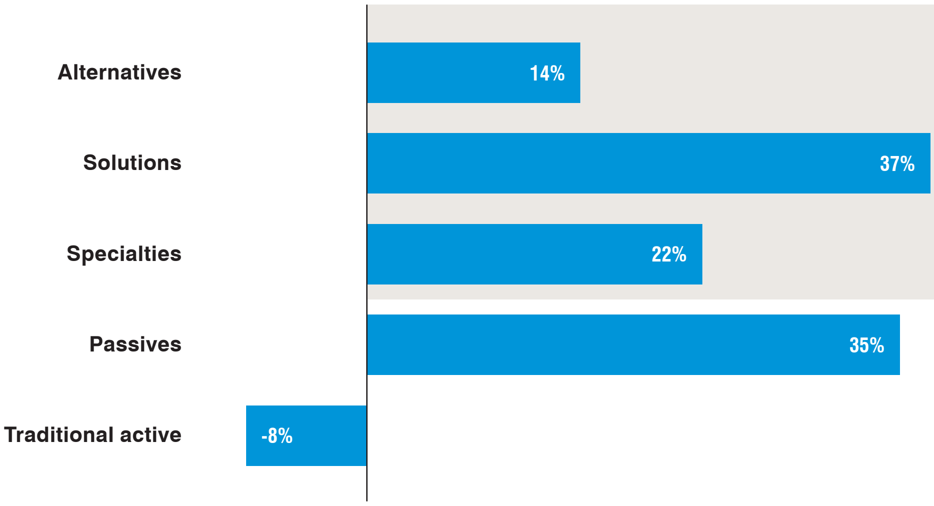
Our offering

GAM's set-up is designed to bring out the best of truly active asset management. The absence of a 'house view' gives our investment professionals the freedom to realise the full potential inherent in their portfolios. The flat hierarchy, with heads of all investment management teams reporting directly to the Group CEO, ensures thoughtful strategic management of our product offering. The skills of our 159 in-house investment professionals are complemented by select third-party specialist managers with proven expertise in their respective areas.

The current environment characterised by divergent central bank policy and increased volatility is likely to persist. These markets offer a fertile ground for active managers with the ability and skills to deviate from benchmark allocations to create meaningful long-term outperformance. In this environment passive investments may not deliver the returns that investors will expect and will need to be complemented by dynamic allocations to strongly performing active funds and alternative strategies.

The product shift from traditional products to more specialised strategies, alternative asset classes, absolute return and multi asset solutions is set to continue as investors look for greater portfolio diversification and higher yields. We will continue to expand our product offering in these areas through

Estimated share of industry flows (2015–2018)



Source: The Boston Consulting Group, Global Asset Management 2015 – Sparking Growth with Go-to-Market Excellence, July 2015.

Spotlight on European commercial real estate debt

Unprecedented structural changes in the EUR 1 trillion European commercial real estate (CRE) debt market unlocked this previously closely-held asset class to new investors. Prior to the financial crisis, European CRE loan financing was almost exclusively the domain of banks. Since the introduction of tighter bank capital and liquidity rules, a broad range of alternative lenders have been increasingly investing in European CRE. Renshaw Bay was established in 2011 with the objective of taking advantage of these investment opportunities. The acquisition of the entire real estate finance team of 10 investment specialists, led by Jon Rickert, added CHF 0.5 billion to GAM's assets under management, with a further CHF 0.6 billion of uninvested but committed capital in their real estate strategy focused on the origination of commercial real estate loans in Western Europe. The team intends to launch new strategies under the GAM brand, investing in senior and mezzanine debt backed by real estate in the UK and Continental Europe, in 2016 after already committed capital is fully invested. With substantially higher yields and attractive regulatory treatment for insurers, CRE loans currently provide one of the strongest value propositions across the fixed income spectrum.

in-house innovation and by acquiring new capabilities to meet the needs and aspirations of our clients.

Our range of products and solutions has always been skewed toward alternative and specialty investment strategies – a strength that allows us to capitalise on the current market conditions and long-term trends. In particular, about a third of our CHF 72.3 billion investment management assets is made up of absolute return products. Our operating platform allows us to offer products, including alternative and absolute return strategies, in a variety of structures – onshore and offshore funds, segregated mandates and customised solutions. Most of them are offered in the regulated form of Undertakings for Collective Investment in Transferrable Securities (UCITS). This makes us the second-largest provider of alternative UCITS strategies by assets globally[3] – in a market that has grown to more than EUR 300 billion in 2015 from EUR 34 billion in 2008. We have one of the broadest ranges in absolute return products, which continue to enjoy strong demand in volatile markets. This breadth enables us to grow across client segments. In December 2015 we launched a long/short US equity product (GAM Star Absolute Return US Equity), modelled on a highly successful pair trading approach applied by the JB EF Absolute Return Europe strategy since 2010. We are exploring further expansion of our equity long/short offering over the course of 2016.

The broadening of our specialised fixed income range over recent years positions us to capture investor demand for alternative allocations in this area as the yield environment remains low. We made the latest addition to our specialty fixed income offering in October 2015 with the acquisition of the real estate debt business of Renshaw Bay to add a capability that is in demand from institutions (see Spotlight on European commercial real estate debt). This acquisition further diversifies our business mix, adding a sustainable stream of revenues tied to long-term capital commitments. We plan to further expand our offering of private market capabilities with the launch of a trade finance strategy in 2016.

In equities, we focus on the development of new specialised as well as scalable strategies, run with high conviction and high tracking error, to expand our current range. At the beginning of 2015 we added an India strategy run by New Horizon, a leading Mumbai-based investment manager.

[3] Absolut Research, Absolut monitor: Alternative UCITS, Q4 2015.

Investment strategies added since 2008

	2008/2009	2010	2011	2012	2013	2014	2015
Absolute return	**Unconstrained FI** **Global equity l/s** **Global rates** **Discretionary FX**	**Macro/mgd futures** **EM rates** **EUR equity l/s**		Commodities **Non-directional equity (EUR, EM,** financials) **Convertible bonds**		Tech equity l/s	US equity l/s
Fixed income	**Local EM** **Inflation-linked**	**EM inflation-linked**	**Credit opportunities** **Total return** **Cat bonds**	EM corporate	**EM investment grade**	EM opportunities **MBS**	**Real estate debt**
Equity	**Luxury** **Healthcare** Energy	**EU large cap** Swiss sustainable	**Technology** **Global** **Emerging markets**	Emerging markets Europe value	China Swiss opportunities		India
Alternatives	**Physical gold**	**Physical silver** **Physical palladium** **Physical platinum**		**Alternative risk premia**	Physical aluminium Physical nickel Physical copper Physical zinc		
Multi asset	**Swiss institutional funds**			**Risk rated strategies**			

Strategies >USD 100m in **bold**

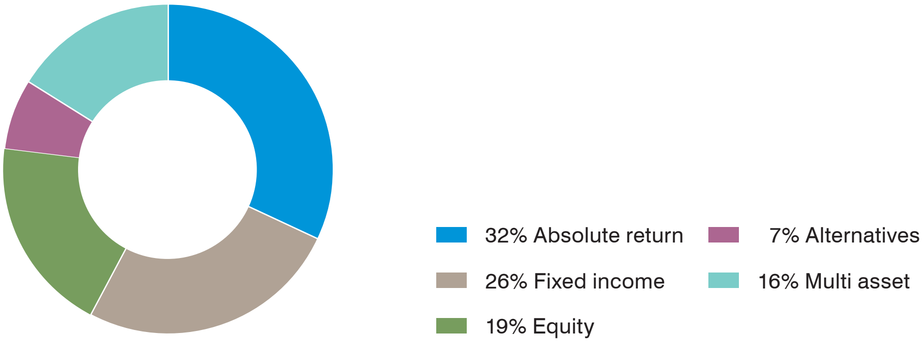
Source: GAM as at 31 January 2016. New strategies launched for in-house or external fund managers as well as products added through an acquisition. Excludes fund repositionings, new share classes, segregated accounts or customisations of existing strategies.

In the coming years we expect the investment environment to be driven by policy divergence and volatility, with no asset class showing indiscriminate outperformance. This will add to the appeal of objective-oriented multi asset strategies as private investors, their advisers and institutions look for holistic approaches across all asset classes that cater to their individual risk profiles and provide the required level of diversification and downside protection.

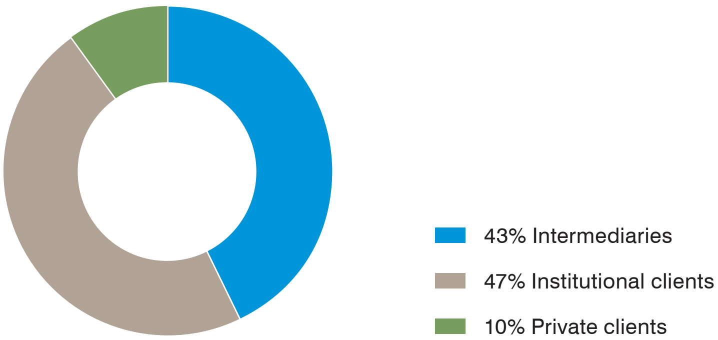
To capture this growth opportunity, in November 2015 we formed the Multi Asset Portfolio Solutions (MAPS) group encompassing our multi asset and alternative investments solutions teams under the leadership of our Group Chief Economist Larry Hatheway. Larry joined GAM in September 2015 from UBS where he was Chief Economist at the investment bank and previously Global Head of Macro Strategy and Global Head of Asset Allocation. As GAM's Group Chief Economist, he serves as a key resource for individual investment teams as they work independently in defining and executing their strategies. In his capacity as Group Head of MAPS, he works with the multi asset investment teams to ensure that our portfolios reflect optimal positioning for the stated risk and return targets of our clients and at the same time are consistent in their underlying macroeconomic view.

The MAPS group, with more than 50 dedicated investment professionals, has CHF 15.2 billion in assets under management and will launch a range of new investment strategies in 2016. We are developing a new generation of multi asset and multi strategy products which will be less reliant on the funds of funds concept and provide more flexibility to achieve specific investment needs without sacrificing our proven approach to portfolio construction and risk management. Our offering will encompass today's strategies in the areas of relative return and risk rated solutions and will be complemented by target return solutions. The target

Investment management assets by capability



Investment management assets by client segment



return range will offer products that aim to generate predefined returns over rolling three-year periods through an actively managed global portfolio of direct securities and derivatives spanning all asset classes while applying non-directional and directional approaches and managing downside risk. Initially the range will include conservative and moderate risk strategies in UCITS format.

In addition to our investment management business, we also offer private labelling services, such as fund administration and management company services, to third parties. Private labelling accounts for about 8% of our total net management fees and commissions. While these services have comparatively low fee margins, they provide effective operating leverage on the infrastructure we have in place to run our own investment management activities.

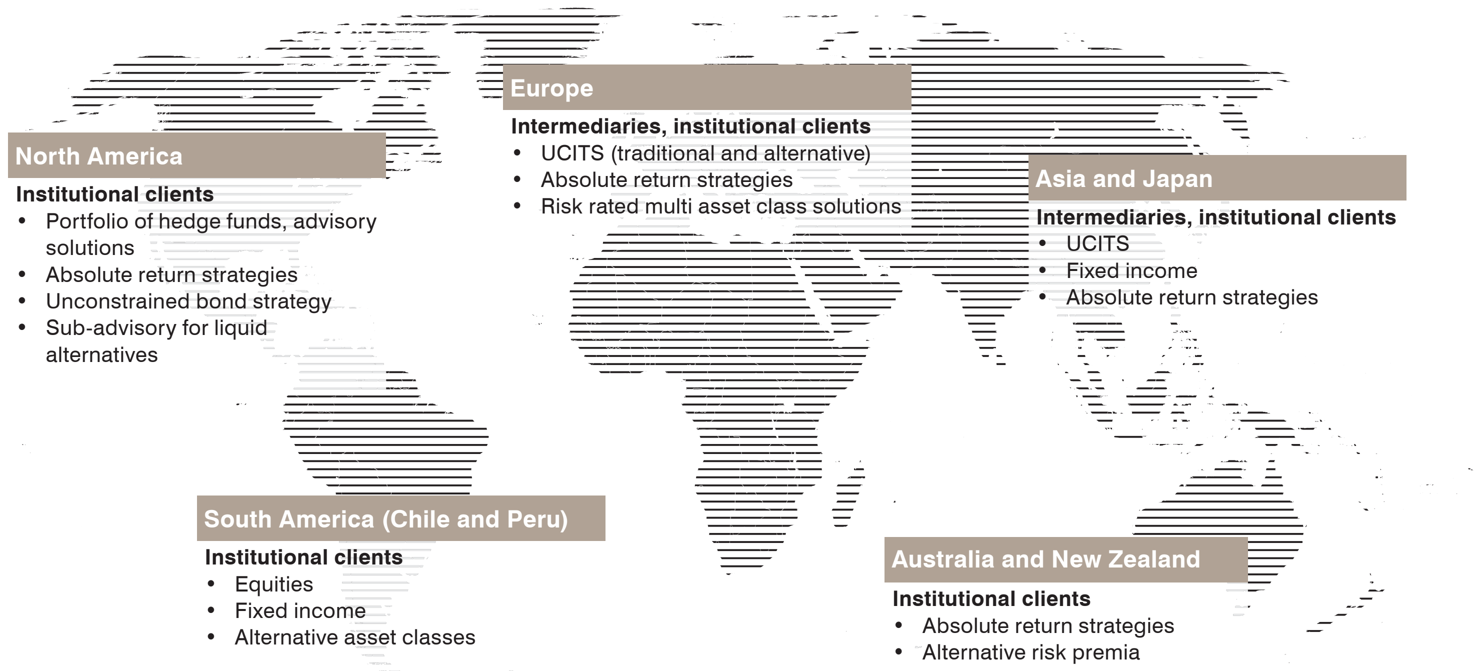
Our clients

In investment management we focus on investors seeking premium active management as opposed to benchmark-oriented and minimum-fee products. Our goals are fully aligned with our clients' as we aim to deliver not only an efficient access to investment opportunities but also honest foresight and professional expertise.

Institutional clients, who contribute about 47% of our assets in investment management, show a resilient demand for active and alternative strategies across market and performance cycles. Our dedicated institutional client service teams around the world provide compelling investment propositions and customised solutions to investors such as family offices, public and corporate pensions, endowments, foundations and local authorities. Apart from our strong long-term performance track record and an in-depth understanding of their needs, institutional clients also value our advanced risk management capabilities, designed to address the stringent requirements they face from their stakeholders, such as beneficiaries and supervisory bodies.

We maintain a strong network of distribution partners, such as financial intermediaries and advisers, who contribute about 43% to our assets. Private investors are typically more sensitive to investment trends and broader financial market developments than institutions, which can result in concentrated inflows into a limited number of strongly performing products and accelerated outflows during extended market downturns. Therefore, we offer a broad range of products across asset classes and investment styles, in order to ensure a successful rotation of products through market cycles.

Global distribution: core markets and priorities



In private labelling, we offer tailored outsourcing solutions to banks, insurers, independent asset managers and institutional investors. Clients can choose between two types of services. We can create private label funds according to the partner's requirements and operate the structure, providing sales support, while the client focuses on asset management and distribution. If a client already has a fund structure, we can take over responsibilities for risk management, compliance and fund governance. Additional services to meet a client's specific requirements are also available.

Our expansion plans

Brand, excellent client service and compelling investment track records are key growth drivers for independent asset managers like us. In 2015, we simplified our brand architecture by discontinuing the use of the Swiss & Global Asset Management name (used for the former Julius Baer Asset Management business that has been part of GAM since 2009). We also redesigned and strengthened our master brand – GAM. This move is consistent with our transition to an integrated Group structure, initiated in 2013, and will make our communication and marketing efforts more effective and efficient. In our new brand architecture, we retain the exclusive worldwide licence to use the 'Julius Bär Funds' trademark. It is used purely for investment products and in conjunction with the GAM brand in markets and client segments where the Julius Baer name has strong recognition. The focus of our brand building efforts lies in strengthening the GAM brand, and we consider this to be an integral part of our growth strategy.

Increasing our assets under management is key to realising operating leverage, while the diversification of our business enables us to mitigate the impact of cyclical fluctuations in markets and investor demand. When evaluating potential growth investments – organic and M&A – we take a disciplined and prudent approach: we will not enter into any agreement that dilutes the quality of our brand or is unlikely to create sustainable value for our clients and shareholders. Any acquisition has to meet three key criteria: it has to expand our investment or distribution capabilities, it must bring a team with a world-class track record and a good cultural fit into our organisation and, foremost, it has to add value to our shareholders by being accretive after the first 12 months of ownership. In late 2015 Tim Dana, Group Head of Corporate Development, joined us from Citigroup's Financial Institutions Group where he was a Managing Director and a senior M&A investment banker specialising in asset management.

Geographically, our largest local presence and client base, as well as the strongest and broadest recognition, is in the UK and Continental Europe. Over the coming years, we will actively seek opportunities to expand our footprint and investment strategies in the US and Asia, while also opportunistically expanding in Europe.

In the US, we plan to progressively expand our investment capabilities. In 2014 we acquired Singleterry Mansley Asset Management, a US-based specialist in mortgage and asset-backed securities. Since the acquisition, we have also launched their mortgage-backed strategy in a UCITS format, which attracted one of the strongest net inflows among our fixed income products in 2015. We plan to continue adding capabilities where there are good prospects for highly active managers to generate superior returns.

Advancing Potential – the GAM brand
What turns money into capital? Investing it. That's the key to make it productive – for our clients and the world as a whole. Unlocking this potential to achieve the aspirations of our clients is the common purpose of all our employees, and it forms the core of our new brand. It expresses the fact that we are a company built by investors, for investors. We share knowledge, act with integrity and execute with purpose. Working with us means investing in honest foresight and human rigour and a fundamental belief in the potential of capital.

This idea has been translated into a new visual identity, featuring a new logo that reflects our agility, our collaborative culture and our decisive approach. It also includes proprietary illustrations inspired by technical blueprints as a way to implement and realise ideas. The change in branding also signals a fresh start following a period of progressive integration within the company since our independent listing in 2009.

Milestones in our history
1983: GAM founded by Gilbert de Botton

1999: GAM acquired by UBS

2005: GAM acquired by Julius Baer

2009: Acquisition of Augustus Asset Managers Ltd

2009: Separation from Julius Baer to form an independent, publicly listed, pure-play asset management group

2012: Acquisition of Arkos Capital SA

2014: Acquisition of Singleterry Mansley Asset Management

2015: Acquisition of the real estate debt business of Renshaw Bay

In 2016 we plan to start offering some of our strategies in the form of US collective investment trusts (CITs). CITs are institutional-only investment vehicles that are increasingly used in pension and defined contribution 401(k) plans in the US thanks to their structure and typically lower fees compared with mutual funds regulated by the Securities and Exchange Commission.

Asia Pacific is widely seen as the region with the highest growth potential and is projected to surpass North America as the wealthiest region in the world in 2016[4]. Still, within the asset management industry the region's portion of global assets under management amounted to only about 15% at the beginning of 2015. That share has been unchanged since 2007, demonstrating the difficulties asset managers face in trying to expand in this highly fragmented region.

We operate from three offices in the region – Hong Kong, Tokyo and Singapore. We enjoy an excellent reputation in these markets and, paired with good distribution, we are confident in our ability to grow in the region over time. We are well positioned with top international and local financial intermediaries in Hong Kong, Taiwan, Japan, Singapore and Korea. In China – a difficult market to enter – we continue to look for a mutually beneficial relationship with local distributors to give us further growth momentum.

Our biggest market in Asia Pacific is Australia, where the progressive shift toward international managers of superannuation funds has been an important driver of growth in our fixed income capabilities. Increasing our distribution strength in key Asian markets, in particular in the ASEAN countries and China, remains an important objective going forward. We focus on gaining more institutions and sovereign wealth funds as our clients because of the attractive value proposition we can offer: strength in absolute return investing and the ability to customise and tailor solutions.

[4] The Boston Consulting Group, Global Wealth 2015: Winning the Growth Game, June 2015 and The Boston Consulting Group, Global Asset Management 2015 – Sparking Growth with Go-to-Market Excellence, July 2015.

Our financial discipline

We are focused on the following targets designed to ensure we deliver attractive returns to our shareholders over a business cycle, which we define as five to eight years:

- Annualised growth in diluted underlying earnings per share in excess of 10%
- Operating margin of 35–40%[5]

Our growth efforts will be complemented by our drive for greater efficiency. By eliminating unnecessary internal complexity and focusing our efforts on achieving our ambitions, we maintain a strong cost discipline to enhance the operating leverage of our business.

As a result of our history, the infrastructure, systems and processes have been more fragmented across our legal entities than required. We analysed our operations and technology systems supporting our investment capabilities and product offering and started implementation of a new operating model in 2015. The measures should reduce our cost base compared with 2014 by more than CHF 20 million. These savings will be realised upon completion of the project in 2017 and allow us to continue to invest in the business.

As part of this new operating model, we decided to outsource administrative activities to State Street. We have been successfully working with State Street since 2013 as a provider of fund accounting services for our Julius Baer-branded funds and the private labelling funds we operate for third parties. Going forward, State Street will provide fund accounting and middle office services for our entire product range. The measures will result in a reduction of about 15% in jobs over the course of 2016.

In October 2015 we announced an agreement to sell the offshore fund administration business in the Cayman Islands to JTC Group in order to focus our private labelling activities on the provision of management company services for funds domiciled in Europe. The transaction, which closed in December and will have an immaterial impact on our future Group revenues, represents another step in streamlining our business.

Within investment management, we are also calibrating our product range to make sure we concentrate our resources on the most promising strategies. We merged or closed 41 funds in 2015, with a de minimis loss of assets under management as a result of these measures. We will continue to review and adapt our product offering at regular intervals.

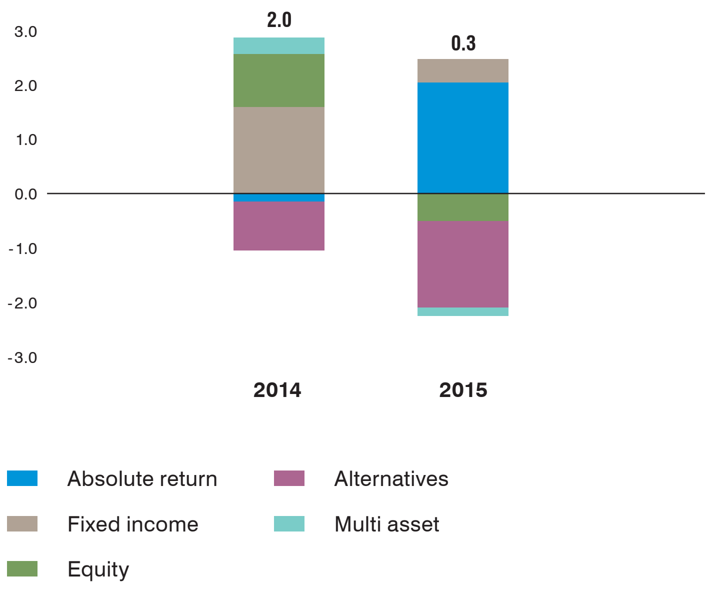
Greater efficiency will be a key component of success as regulatory and compliance costs increase amid demands for greater investor protection and transparency and stricter governance. The regulatory scrutiny of fee models may lead to some pressure on our fees, although ultimately we are convinced that greater transparency will shift competition toward the quality and performance of products and away from pricing models. Having lean structures will further bolster our financial strength and provide us with solid foundations for sustainable future growth.

Our business activities generally generate strong levels of cash and do not consume high amounts of capital. We are committed to deploying our capital in a disciplined way so as to maximise shareholder value over the long term while retaining our capital strength. Surplus capital – not required for growth of existing business or new investments – will be returned to our shareholders, primarily through dividend payments and complemented by share buy-backs.

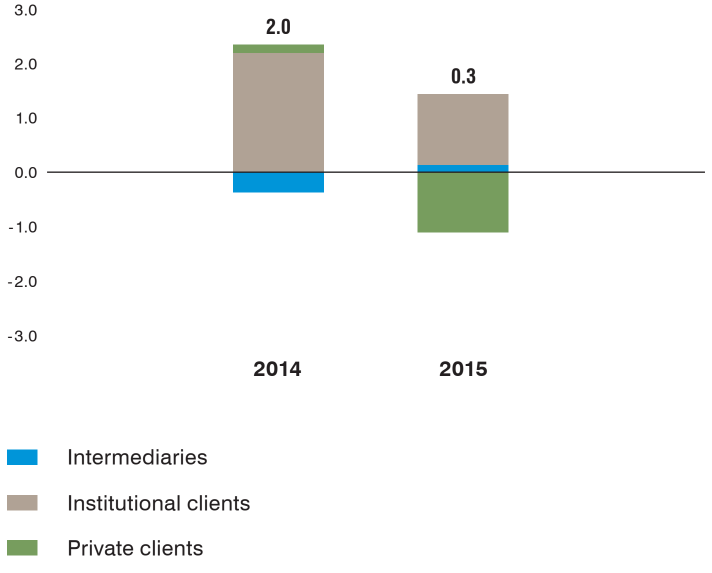
[5] The target is consistent with the previously communicated goal of a cost/income ratio of 60–65%. See ‘How we report our results’ section of the Financial Review for details.

BUSINESS AND RESULTS OVERVIEW

Net flows by capability (CHF bn)



Net flows by client segment (CHF bn)



Investment management snapshot

- Investment strategies, mandates and funds managed by in-house professionals and select third-party specialists
- Distributed under the GAM brand and the 'Julius Bär Funds' trademark

92%

of our net management fees and commissions are generated here

159

in-house investment professionals in London, Zurich, Hong Kong, New York, Milan and Lugano

81

relationship managers serving our global client base, supported by over 106 employees in marketing, sales support and product specialist roles

61%

of assets in funds outperformed their benchmark over three years

Private labelling snapshot

- Tailored third-party fund solutions for banks, insurers, independent asset managers and institutional investors
- Leverages the infrastructure of our investment management activities

8%
of our net management fees and commissions are generated here

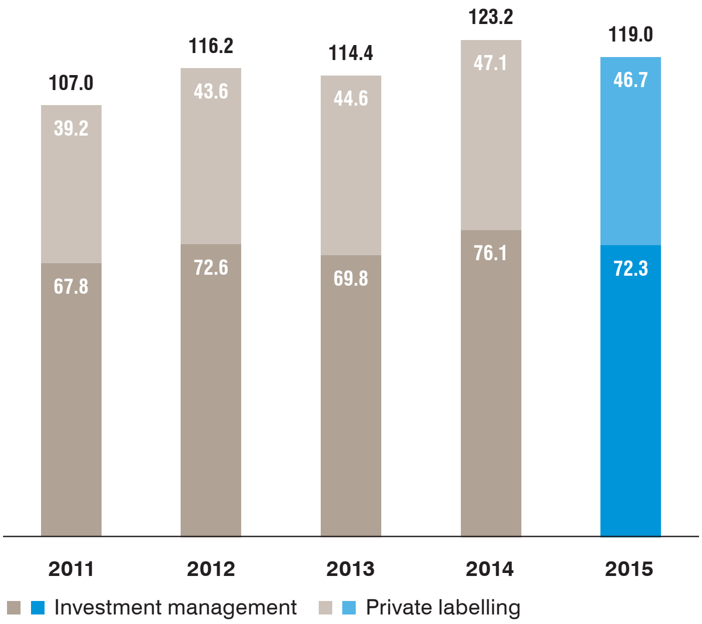
11
project managers

4
fund domiciles on offer: Switzerland, Luxembourg, Ireland and Italy

200+
private label funds launched since 1992

Assets under management (CHF bn)

CHF 119.0 bn



OUR BUSINESSES

Investment management

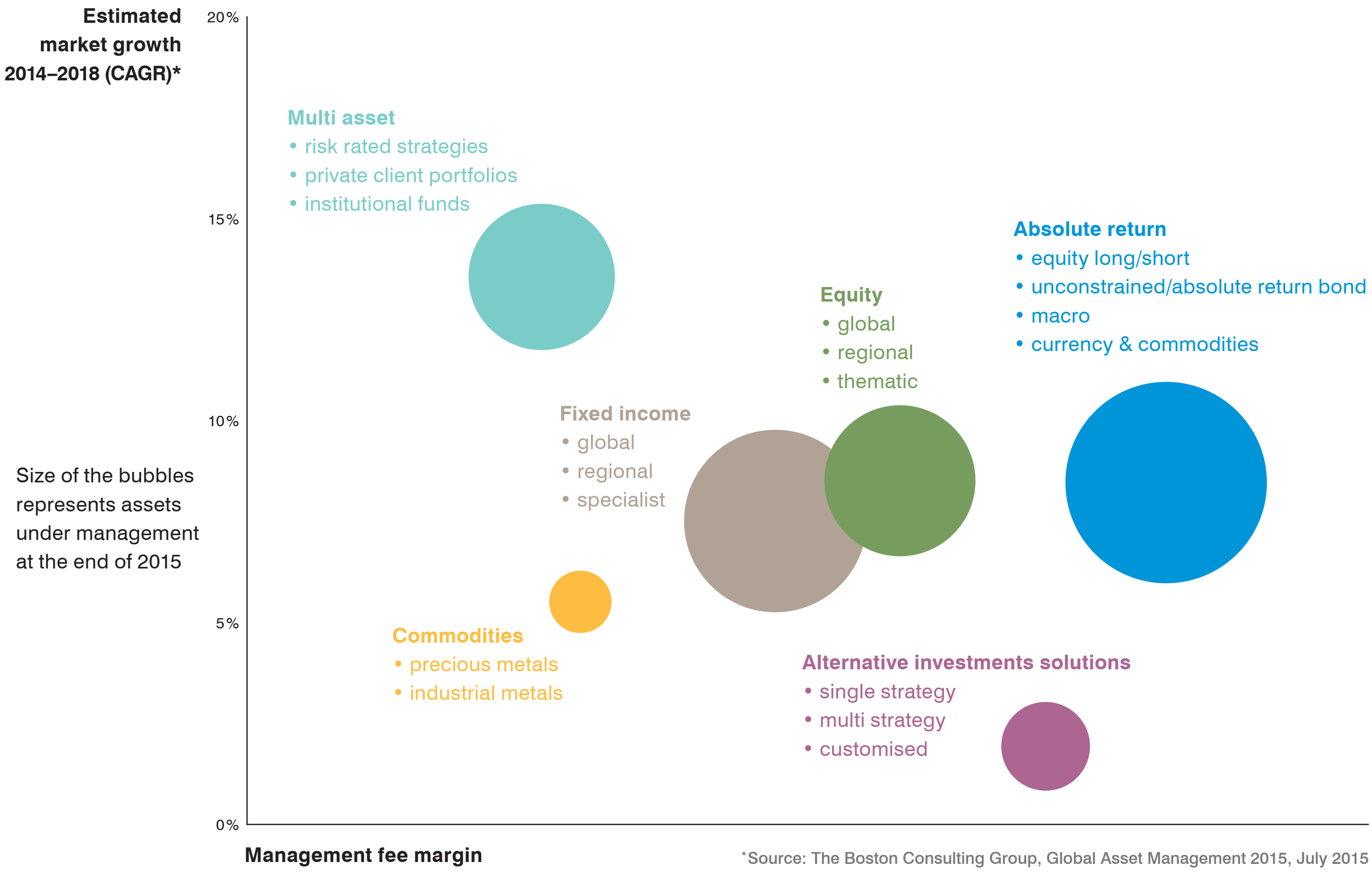
Investment capabilities

In investment management, we offer clients directional and absolute return strategies across a breadth of asset classes as well as alternative strategies. Our capabilities are skewed toward areas with higher growth prospects and attractive margins relative to the industry.

The breadth of our product range, distributed under the GAM and the Julius Baer brands, stems from our expertise in identifying investment talent from across the asset management industry. We have 159 in-house investment professionals based in London, Zurich, Hong Kong, New York, Milan and Lugano. Having pioneered the open architecture approach by working with external managers in the early 1980s, we continue to work with third-party investment specialists in select areas, and a number of the industry's leading managers distribute their strategies exclusively under our brands. About 10% of our assets under management are managed externally.

Both in-house and external managers are free to make decisions according to their individual philosophies and styles, seeking to generate superior returns through conviction investing. In particular, they are encouraged to be indifferent to short-term index comparisons and take controlled risks in order to deliver differentiated performance. The individual investment teams share their opinions informally and at regular meetings. This creates an environment where investment ideas and market information are shared and macroeconomic views debated and challenged. Investment decision-making is supported by robust investment processes, sophisticated risk management systems and rigorous portfolio monitoring.

GAM capabilities



*Source: The Boston Consulting Group, Global Asset Management 2015, July 2015

Investment management assets (CHF bn)

Capability	Opening AuM 1 Jan 2015	Net flows 2015	Market/FX 2015	Acquisition	Closing AuM 31 Dec 2015
Absolute return	22.2	2.1	-1.2	-	23.1
Fixed income	19.5	0.4	-1.8	0.5	18.6
Equity	13.8	-0.5	0.1	-	13.4
Alternatives	7.7	-1.6	-0.8	-	5.3
Multi asset	12.9	-0.1	-0.9	-	11.9
Total	**76.1**	**0.3**	**-4.6**	**0.5**	**72.3**

We have one of the broadest ranges of **absolute return** strategies in the market covering fixed income, macro/managed futures, equity long/short, currencies and commodities. All the strategies share one common aim: to deliver positive, long-term absolute returns with controlled volatility and low correlation to traditional asset classes. With CHF 23.1 billion at the end of 2015, absolute return strategies make up the largest proportion of our assets under management.

The **fixed income** range covers the breadth of fixed income instruments and diverse active investment styles. Our offering in this area, with CHF 18.6 billion in assets under management, allows clients to access the most sophisticated strategies available. We have been further developing our specialised fixed income range in recent years and offer products in areas such as catastrophe bonds, mortgage and asset-backed securities and real estate debt alongside a broad palette of developed and emerging market credit.

In **equity** we have highly active funds with a regional or thematic focus, totalling CHF 13.4 billion in assets. Each team works with its own internal research, following its distinct approach but benefiting from our collaborative and collegial culture which allows teams to share insights, views and information. As a result we are able to provide a broad range of investment styles, including value, growth and GARP (growth at a reasonable price). Our strategies are typically benchmark-agnostic and, as a consequence, deviate significantly from conventional market indices.

Our **multi asset teams** provide an active, top-down allocation tailored to the specific investment needs of their clients. Our investment philosophy and approach seek to add value through active decision-making at three levels: long-term strategic asset allocation, short-term tactical asset allocation and instrument selection. We offer both an extensive range of multi asset funds as well as bespoke solutions for our larger clients and have built up CHF 11.9 billion in assets under management.

Our **alternatives** capability with CHF 5.3 billion in assets is comprised of alternative investments solutions and commodities. Our alternative investments solutions team is one of the most experienced and knowledgeable in the industry. Our expertise, gained over more than 25 years of managing portfolios of hedge funds for a broad global client base, is combined with a disciplined and structured investment and risk management process. We offer multi-manager and quantitative, liquid alternatives capabilities as well as bespoke portfolio management.

In commodities our innovative physical metals funds include aluminium, copper, gold, platinum, silver and zinc. We also offer highly active strategies that invest in commodity futures, with rotating exposures across agriculture, energy and metals.

Spotlight on Swiss franc

The Swiss National Bank (SNB) first introduced a 1.20 cap on the Swiss franc against the euro in September 2011. In August of that year the franc approached parity versus Europe's single currency as investors sought a safe haven from the eurozone's fiscal crisis. By that time the SNB had already spent billions in market interventions to keep in check the franc's appreciation, which threatened to create deflation and headwinds for economic growth in Switzerland. Scrapping the cap on 15 January 2015 roiled the markets and caught many investors on the wrong foot as SNB officials had given no indication they had been considering such a move. But the team managing GAM Global Rates strategy was ready. They closed out all short franc positions a few days prior to the announcement from the SNB. They saw that the franc had already been trading in the narrowest of ranges and were concerned that the central bank would not be able to defend the cap when the European Central Bank expanded its quantitative easing programme. Since the removal of the cap, the SNB has relied on negative interest rates and market interventions to stem the currency's gains. While these measures have somewhat moderated the franc's appreciation, it nevertheless was stronger against the euro and the pound at the end of 2015 compared with the start of the year.

Total assets under management in investment management include all assets that generate a management fee for the Group. As at 31 December 2015, CHF 4.5 billion of assets were double-counted. They represent assets reinvested in our own funds, where we perform an additional level of investment management services for our clients, including advisory or discretionary management, and for which we earn an additional management fee.

Markets, flows and investment performance

2015 was characterised by sharp moves in the markets and several policy surprises. The decision by the Swiss National Bank to lift its cap on the Swiss franc in January 2015 shocked markets. The franc appreciated as much as 41% against the euro immediately following the SNB's announcement, marking one of the biggest moves among major currencies since the collapse of the Bretton Woods system (see Spotlight on Swiss franc). The same month the European Central Bank expanded its quantitative easing programme to reflate the economy, which supported equity markets, led to negative yields in many government bonds and pushed the euro lower.

During the second quarter, the major theme for fixed income markets was the reversal in long-term interest rates. Expectations for economic recovery and for rising interest rates in the US, coupled with some credit caution and the backdrop of protracted Greek negotiations, resulted in substantial declines in most bond markets.

The third quarter was dominated by concerns about the slowing of the Chinese economy, which led to a sharp sell-off in the Chinese and global equity markets. The Chinese central bank's devaluation of the renminbi in August surprised investors and heightened fears that the country's economy was slowing more rapidly than previously thought. Global equities suffered their biggest quarterly decline in the third quarter since 2011.

While many major stock and bond markets rallied in the fourth quarter, oil prices took another dive. After signs of bottoming out earlier in the year, oil prices renewed their decline amid concerns of continuing oversupply, with Brent crude prices falling to the lowest levels in more than a decade. The US Federal Reserve tightened monetary policy in December for the first time since 2006.

Market developments and currency movements had a negative impact on our assets under management in 2015, reducing them by CHF 4.6 billion.

Net inflows from institutional investors amounted to CHF 1.3 billion in 2015 as strong inflows in the first half of the year were partly offset by redemptions and the loss of two substantial risk premia mandates in the second half. Net outflows from private clients of CHF 1.1 billion reflected continued redemptions from our previous captive channels (UBS and Julius Baer). Financial intermediaries added net CHF 0.1 billion to our flows for the year as redemptions in the fourth

Investment performance

Capability	Investment performance[1] 3 years	5 years
Absolute return	25–50%	50–75%
Fixed income	75–100%	75–100%
Equity	50–75%	50–75%
Alternatives[2]	75–100%	75–100%
Total	50–75%	50–75%

[1] % of AuM in funds outperforming their benchmark over relevant period (as of 31 December 2015).

[2] Reflects performance of products in alternative investments solutions

0–25% 25–50% 50–75% 75–100%

quarter almost offset solid inflows in the first nine months. Overall, net inflows in investment management totalled CHF 0.3 billion in 2015.

Investment performance was mixed over the one-year period, reflecting difficult market conditions for a number of strategies. We generally measure the success of our active strategies by their ability to meaningfully outperform an appropriate benchmark over a rolling three-year period. Over this time period, about two thirds of our assets under management in funds outperformed their respective benchmark compared with 80% a year ago. This reflects mainly the challenges faced by the CHF 12.3 billion unconstrained/absolute return bond strategy. Excluding this strategy, 78% of our assets under management in funds outperformed their respective benchmark over the three years through December 2015.

Spotlight on Japanese equities

Japanese equities were among the best performers in the world in the first half of 2015, driven by rising corporate profits and expectations for higher returns for shareholders in the form of dividends and buy-backs from the introduction of a new corporate governance code in June. The code contains 73 principles and encourages companies to place greater importance on shareholder rights and returns by, for example, unwinding cross-shareholdings and hence unlocking cash that can be returned to shareholders. Although the global sell-off in the markets in the third quarter undid most of the first half's increase, Japanese equities rebounded in the fourth quarter as focus returned to the profitability of Japanese companies, which is hitting record highs. The government of Prime Minister Shinzo Abe unveiled details on how it plans to achieve nominal gross domestic product of JPY 600 trillion by 2020 – including plans to cut corporate taxes faster and deeper than previously envisaged – to underscore its determination to pursue economic growth. Despite volatility, Japanese stocks were among the equity markets that produced the best returns in 2015 globally. The GAM Star Japan equity fund finished the year with a first quartile ranking within its peer group[6], while the JB Japan equity fund was ranked in the second quartile.

[6] The peer group comparisons referred to in this section are based on 'industry-standard' Morningstar Direct Sector Classification. The share class preferences in Morningstar have been set to capture the oldest retail accumulation share class for each and every fund in a given peer group.

The unconstrained/absolute return bond strategy saw redemptions from financial intermediaries following weak performance in the second half of 2014 and 2015, but continued to win substantial inflows from institutional investors thanks to its ten-year track record of capital protection across market cycles. On the other hand, the JB Absolute Return Europe fund, which takes long and short positions in equities and equity-related securities of European companies, attracted strong inflows as did the GAM Star Global Rates fund. Overall investors added net CHF 2.1 billion to our absolute return strategies in 2015.

In fixed income, our GAM Star Credit Opportunities fund, which predominantly invests in investment grade debt or high quality issuers, attracted solid inflows. Specialised products, such as GAM Star MBS Total Return and GAM Star Cat Bond funds, were also popular with investors looking for extra yield from uncorrelated assets. Falling commodity prices, a cooling of the Chinese economy and a strengthening US dollar (as investors geared up for the first Federal Reserve interest rate increase in almost a decade) resulted in a tough year for emerging market currencies. This hurt the performance of the JB Local Emerging Bond Fund, which invests in debt of emerging countries denominated or pegged to the respective local currency, and led to outflows. In total, we saw CHF 0.4 billion net inflows into fixed income funds in 2015.

The biggest inflows into our equity strategies came from the JB Japan fund as positive performance of the previous three years continued (see Spotlight on Japanese equities). The GAM Star Continental European fund also saw solid inflows amid very strong performance, placing it in the first decile within its peer group for the year[6]. GAM Star China Equity posted outflows amid negative investor sentiment despite outperforming in tumultuous markets (see Spotlight on China). GAM Star US All Cap Equity, managed externally, also saw outflows following a prolonged period of weak performance. Net outflows from equity strategies totalled CHF 0.5 billion in 2015.

Multi asset class solutions posted net outflows of CHF 0.1 billion for the year. Net inflows in our institutional relative return products and mandates as well as our successful risk rated solutions for financial advisers were more than offset by redemptions in private client advisory and mandates stemming from our previous affiliation with UBS and Julius Baer as well as lower margin institutional mandates.

Total net outflows from our alternative capabilities amounted to CHF 1.6 billion, driven by the loss of two substantial risk premia mandates, redemptions in traditional fund of hedge funds and continued outflows from the JB Physical Gold Fund.

Spotlight on China

Concerns over the slowing Chinese economy preoccupied investors globally in 2015. In the first months of the year China's domestic A-share market reached historically high valuation levels, even at a time when the broader economy showed signs of struggling. Inevitably, a correction set in, and the government's efforts to halt the sell-off through market interventions and a ban on short selling only eroded investor confidence more, leading to further losses. The devaluation of the renminbi – in an effort to set a more flexible exchange rate regime to gain recognition for it as a reserve currency – backfired and rattled investors who interpreted the move as a confirmation of continued weakness in the economy. The GAM Star China Equity team started reducing the fund's exposure to A-shares in the middle of June and quickly exited most of the positions after the government started intervening in the markets and before a deeper correction set in. The fund's overweight holdings in the information technology and consumer discretionary sectors also helped it deliver positive performance and a first decile ranking within its peer group[6] for the year, while MSCI China fell. Despite volatility and uncertainty on the economic outlook, from a cyclical perspective the Chinese government has many policy levers to arrest the decline in economic growth as the country transitions to a more services- and market-oriented economy.

[6] The peer group comparisons referred to in this section are based on 'industry-standard' Morningstar Direct Sector Classification. The share class preferences in Morningstar have been set to capture the oldest retail accumulation share class for each and every fund in a given peer group.

Private labelling

Private label funds are tailored products set up for banks, insurers, independent asset managers and institutional investors where we provide structuring, legal set-up, fund administration and management company services. These services allow our clients to focus fully on asset management and fund distribution.

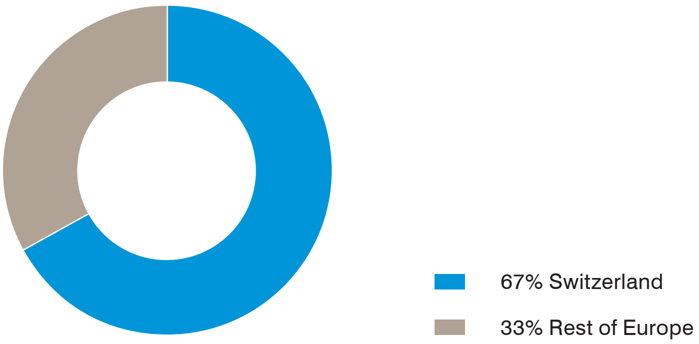
Having designed and launched over 200 private label funds domiciled in different locations, our private labelling business is the largest non-bank fund solution provider in Europe.

Through our Luxembourg management company, GAM (Luxembourg) SA, we offer a broad range of management company services to our clients. Our services are modular, ranging from the fulfilment of legal requirements (e.g. domiciliation of the fund, compliance, risk management) to a more comprehensive package including full project management and distribution support.

Given our high-quality service offering and the considerable effort involved in setting up tailored solutions, client assets in this business are typically stable once acquired. While our results are reflective of the flows into our clients' funds, the long-term nature of these relationships provides us with the ability to prosper along with our clients.

Assets under management were CHF 46.7 billion as at 31 December 2015, down slightly from CHF 47.1 billion a year earlier. New mandate wins in Switzerland and Italy were partly offset by the loss of one substantial mandate in the second half of the year, leading to net inflows of CHF 2.7 billion in 2015. This was counteracted by the sale of our fund administration business in the Cayman Islands, which reduced assets by CHF 2.2 billion, and negative market and foreign exchange movements that led to a CHF 0.9 billion decrease.

Private labelling assets by fund domicile



FINANCIAL REVIEW

How we report results

Our key performance indicators (KPIs) and business metrics reflect our internal approach to analysing our results. They guide us in managing the Group, making investment decisions and help us gauge how successful we have been in the implementation of our strategy. The same KPIs and business metrics are disclosed externally and form the basis for the review of our financial results.

Under the leadership of new Group Chief Financial Officer Richard McNamara who joined GAM in October 2015, we have reviewed our framework and made a number of additions and changes designed to create a stronger alignment between reporting and strategic objectives as well as to enhance the transparency for our shareholders. Our results are reported in accordance with International Financial Reporting Standards (IFRS), but as in previous years our internal analysis and external disclosure of our financial performance focuses on underlying profitability. The adjustments we make from IFRS to an underlying profit before taxes are always related to specific non-recurring events or items related to acquisition activities that are neither indicative of the underlying performance of our business nor of its future growth potential. Where applicable, our KPIs are disclosed and discussed on the same adjusted basis.

Our new Group KPIs:

Diluted underlying earnings per share (EPS) replaces the previously used basic underlying EPS and reflects the dilution impact from our share-based compensation plans. While this impact is currently insignificant, it is important that the use of equity-linked instruments and share-based awards in our compensation structure is reflected (please refer to the 'Compensation' section of this Annual Report). With this change, our financial target of annualised EPS growth in excess of 10% over a business cycle now applies to diluted underlying EPS.

Operating margin replaces the cost/income ratio previously used. The operating margin is calculated as net fee and commission income less expenses divided by net fee and commission income. It excludes the impact of 'net other income' – such as gains and losses from foreign exchange movements, seed capital investments and hedging, or net interest income and expenses – and therefore gives a better representation of the operating performance in our business. Equivalent with our previous cost/income target of 60–65%, over a business cycle that we define as five to eight years, we now strive to achieve an operating margin of 35–40%.

Compensation ratio, a new KPI tracking our ability to manage our largest expense category – personnel expenses – in line with net fee and commission income, the source of revenues that drives compensation. The compensation ratio is calculated as total personnel expenses divided by net fee and commission income.

Underlying profit before taxes and the **underlying effective tax rate** shift the previous focus from underlying net profit. This gives more emphasis to our pre-tax profitability and greater transparency on the bottom-line impact of the underlying effective tax rate, which is driven by a number of factors that are not immediately tied to our business performance.

Net cash, unchanged. Net cash is defined as cash and cash equivalents deducted from interest bearing liabilities.

Tangible equity, unchanged. Tangible equity is defined as equity excluding non-controlling interests, goodwill and other intangible assets.

Business metrics for investment management and private labelling:

Net fee and commission income, unchanged. It is defined as fee and commission income minus distribution, fee and commission expenses. It includes performance fees, but not net other income.

Management fee margin represents a pure name change from the 'return on assets' used in earlier reporting. It is calculated as net management fees and commissions divided by average assets under management. For investment management, we additionally report a total fee margin that includes performance fees (i.e. net fee and commission income divided by average assets under management).

Assets under management analyses, unchanged. In investment management, we break down assets under management by capability, client segment and currency. In private labelling, assets are broken down by fund domicile.

Net flows, equivalent to the previously used term 'net new money,' with additional disclosure of the breakdown of net flows in investment management by capability and client segment. These developments are discussed in the 'Our Businesses' section.

Assets under management and net flows

Group assets under management as at 31 December 2015 amounted to CHF 119.0 billion, compared with CHF 123.2 billion a year earlier.

In investment management, assets declined by CHF 3.8 billion to CHF 72.3 billion. Net inflows of CHF 0.3 billion and assets of CHF 0.5 billion acquired with the real estate debt business of Renshaw Bay could not compensate for the negative impact from markets (CHF 2.4 billion) and foreign exchange movements (CHF 2.2 billion, reflecting the strengthening of the Swiss franc). Private labelling assets were CHF 46.7 billion, CHF 0.4 billion lower than at the end of 2014, driven by the sale of our fund administration business in the Cayman Islands (CHF 2.2 billion). Net inflows added CHF 2.7 billion, but were partly offset by foreign exchange and market movements totalling CHF 0.9 billion.

Income drivers and developments

Management fee margins

The management fee margin earned on investment management assets during 2015 was 64.6 basis points, compared with 68.8 basis points in 2014. The mix of net flows across products and client segments, in particular inflows from institutional clients offsetting outflows from intermediated wholesale products with higher fees, contributed to this decline. The reduction in the management fee margin in the first half to 64.4 basis points reversed slightly in the second half. While the industry continues to see marginal pricing pressure, the most significant impact for the Group is the positive or negative effect of changes in our asset and flow mix.

In private labelling, the management fee margin was 8.4 basis points, representing a small decrease from 8.8 basis points in 2014.

Management fees

Net management fees and commissions in 2015 totalled CHF 517.8 million, down 5% from the previous year, driven by the decline in the management fee margin in investment management as explained above, more than offsetting the 1% increase in average assets under management. Private labelling net management fees and commissions, representing 8% of the Group's total, were largely stable.

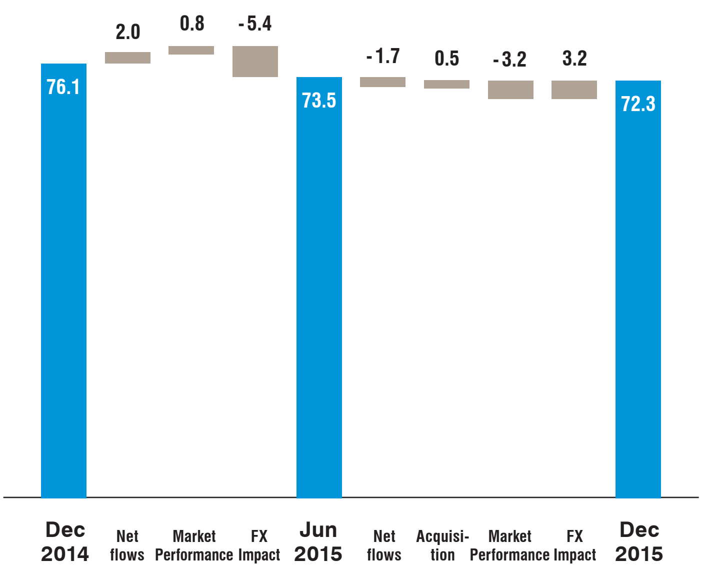
Performance fees

Performance fees rose 26% to CHF 82.8 million, driven by strong contributions from the non-directional equity range and our global rates strategy. This was partly offset by lower fees from the unconstrained/absolute return bond strategy.

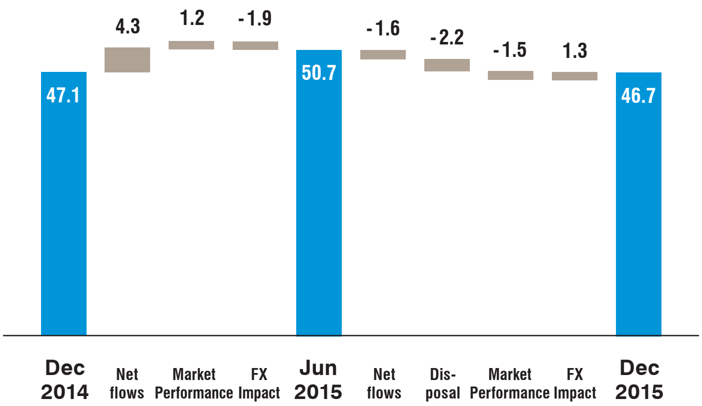
Net other income

Under the category 'net other income,' where we include net interest income, the impact of foreign exchange movements, gains and losses on seed capital investments and hedging as well as fund-related fees and service charges, we reported a decline of CHF 14.0 million from 2014 to CHF 0.7 million in 2015. Net gains on seed capital were substantially lower in 2015 and we incurred some losses from foreign exchange movements (compared with gains in the previous year). Further, we made lower fund-related fees and service charges and recorded negative interest on our Swiss franc cash deposits.

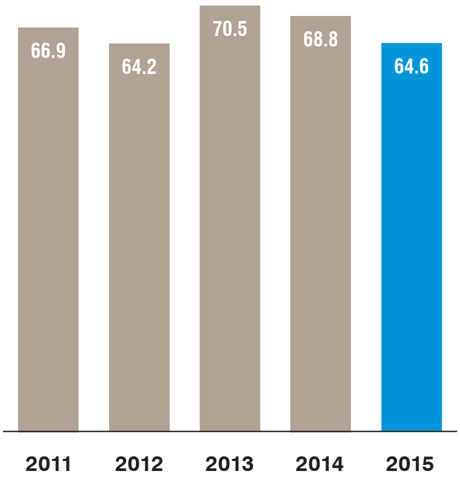
Investment management AuM movements (CHF bn)



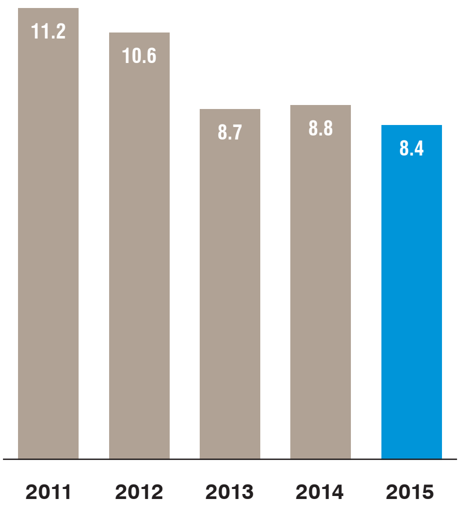
Private labelling AuM movements (CHF bn)



Management fee margin – investment management (bps)



Management fee margin – private labelling (bps)



Expense drivers and developments

Personnel expenses

Personnel expenses in 2015 decreased by CHF 3.2 million to CHF 290.0 million. Variable compensation was 2% below 2014 levels. Discretionary bonuses were reduced in line with overall business performance, while contractual bonuses linked to the performance fees rose, being partly offset by a reduction in bonuses related to management fees. Share-based payments rose, mainly reflecting awards made in 2015 and late 2014. Fixed personnel costs were slightly lower as we capitalised the costs associated with the internal development of proprietary software. This was partly offset by minor salary increases and some senior hires.

Compensation ratio

Our compensation ratio remained largely unchanged at 48.3% (48.2% in 2014), demonstrating the alignment between business performance and compensation structures.

General expenses

General expenses for 2015 amounted to CHF 104.9 million and were 1% lower than in the previous year. IT expenses declined, reflecting lower charges for consultancy and costs for the migration of certain funds to a new custodian completed in 2014. Expenses in 2014 also included a credit of CHF 2.1 million from the release of accruals.

Operating margin

The operating margin for 2015 was 32.8%, slightly down from 33.2% in 2014. The decline in net fee and commission income was largely offset by a reduction in personnel expenses and discretionary spending.

Underlying profitability and earnings per share

Underlying profit before taxes

The underlying pre-tax profit of CHF 197.8 million in 2015 was 9% lower than in 2014. While costs were managed tightly and variable compensation reduced, the decrease in net fee and commission income and net other income could not be entirely offset by an equivalent reduction in expenses.

Effective tax rate
The underlying tax expense for 2015 was CHF 39.4 million, representing an underlying effective tax rate of 19.9%. This compares to the Swiss corporation tax rate of 21.15%, with the difference primarily being driven by the differences in tax rates incurred by the Group on profits generated outside Switzerland. The increase from the effective underlying tax rate of 18.2% reported for 2014 reflects a change in the geographic split of our earnings.

Earnings per share
Diluted underlying earnings per share for 2015 were CHF 0.98. This represents a decrease from CHF 1.06 in 2014 as the reduction in the number of shares outstanding from our share buy-back activity could only partly offset the decline in underlying net profit.

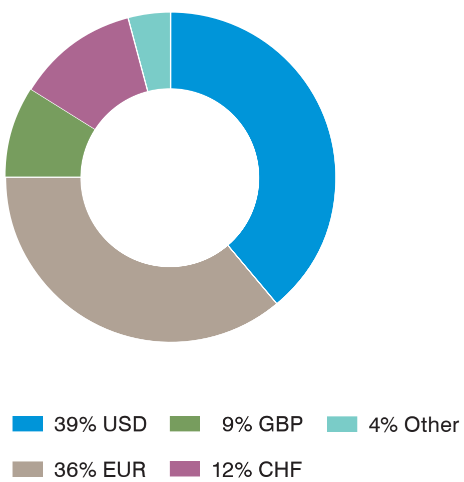
IFRS net profit
Our net profit according to IFRS in 2015 was CHF 138.3 million, all attributable to the shareholders of GAM Holding AG (CHF 169.0 million in 2014, of which CHF 165.8 million was attributable to the shareholders of GAM Holding AG).

Non-recurring and acquisition-related items excluded from underlying profits
In 2015, our policy has been updated to have the following items, all net of taxes, reflected in our results according to IFRS, excluded from our underlying profits:

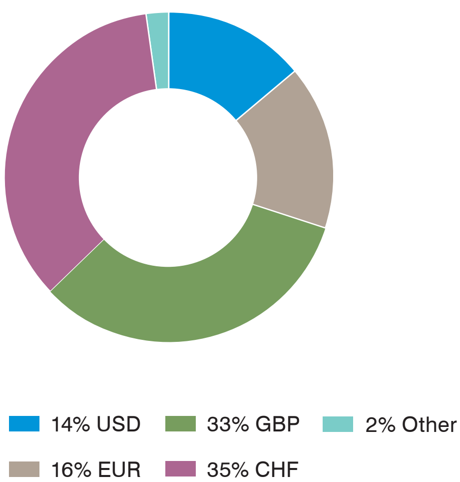
Non-recurring items, resulting in a net charge of CHF 6.2 million. These include a gain on sale of our Cayman fund administration business (CHF 4.5 million), more than offset by a CHF 9.5 million reorganisation charge and deal and integration costs of CHF 1.2 million (related to the acquisition of Renshaw Bay's real estate debt business and the sale of the Cayman business). The reorganisation costs are comprised of charges related to the implementation of our new operating model and the related outsourcing of back- and middle-office functions to State Street (mainly redundancy payments over the course of 2016 net of a pension fund curtailment credit of CHF 4.5 million and, to a lesser extent, the decommissioning of software), other redundancy payments, the costs for exiting office facilities and the investments made in the development of our new brand identity.

Acquisition-related net charges totalling CHF 13.9 million. These include an adjustment to the deferred consideration liabilities related to the acquisition of Arkos (now GAM Lugano) in 2012 and Singleterry Mansley Asset Management in 2014. These liabilities represent the part of the purchase price which was deferred over multiple years and linked to the profitability of these businesses. Also included in the acquisition-related items is the amortisation of customer relationships from businesses we acquired.

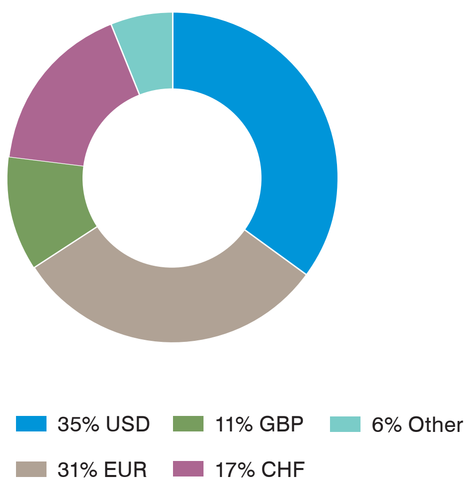
Group income



Group expenses



Investment management AuM



Group income statement

	2015 CHF m	2014 CHF m	Change in %
Net management fees and commissions	517.8	542.9	-5
Net performance fees	82.8	65.9	26
Net fee and commission income	**600.6**	**608.8**	**-1**
Net other income	0.7	14.7	-95
Income	**601.3**	**623.5**	**-4**
Personnel expenses	290.0	293.2	-1
Fixed personnel expenses	165.1	166.0	-1
Variable personnel expenses	124.9	127.2	-2
General expenses	104.9	105.8	-1
Depreciation and amortisation	8.6	7.8	10
Expenses	**403.5**	**406.8**	**-1**
Underlying profit before taxes	**197.8**	**216.7**	**-9**
Underlying income tax expenses	39.4	39.5	0
Underlying net profit	**158.4**	**177.2**	**-11**
Acquisition-related items	-13.4	-5.9	-
Non-recurring items	-8.5	-2.3	-
Tax on acquisition-related items	-0.5	-	-
Tax on non-recurring items	2.3	-	-
IFRS net profit	**138.3**	**169.0**	**-18**
IFRS net profit attributable to:			
The shareholders of the Company	138.3	165.8	-17
Non-controlling interests	-	3.2	-100

Liquidity and capital management

Net cash and tangible equity

Total assets at 31 December 2015 were CHF 2,296.9 million, compared with CHF 2,370.7 million a year earlier. This includes goodwill and other intangible assets of CHF 1,389.4 million, which were up CHF 17.8 million mainly due to goodwill and customer relationships being recognised through the acquisition of Renshaw Bay's real estate debt business.

Cash and cash equivalents at the end of 2015 amounted to CHF 632.9 million, down from CHF 643.9 million a year earlier, reflecting the dividend payment covering the 2014 financial year (CHF 104.4 million), the buy-back of own shares for cancellation (CHF 55.5 million) as well as the negative impact of foreign exchange movements (CHF 19.1 million). These developments were largely offset by strong cash flows generated from our operating activities and the proceeds from the net sale of certain seed capital positions.

Tangible equity at the end of 2015 was at CHF 487.0 million, compared with CHF 540.6 million a year earlier. Our IFRS net profit was more than offset by the dividend payment to shareholders for 2014 and the impact of the share buy-back programme. In addition, the acquisition of the Renshaw Bay real estate debt business and the appreciation of the Swiss franc (translation of the balance sheets of our foreign subsidiaries into our reporting currency) also reduced our tangible equity.

Liabilities

As in previous years, we have no financial debt. However, during 2015 we entered into a three-year revolving credit facility with two banks for a total of CHF 100.0 million. The credit facility is subject to customary financial covenants and expires in July 2018. While no draw-down of the facility was made during 2015, it provides the Group with further flexibility in taking advantage of acquisition opportunities that fulfil our strict financial and strategic criteria.

Total liabilities at 31 December 2015 were CHF 420.5 million, CHF 34.3 million lower than on 31 December 2014. This reflects mainly a decrease in accrued expenses and deferred income in line with business developments in 2015 – namely lower variable compensation expenses and lower fourth-quarter commission expenses. It also includes the change in our deferred consideration obligations related to the acquisitions of Arkos and Singleterry Mansley Asset Management, as described under the paragraph 'Non-recurring and acquisition-related items excluded from underlying profits,' as well as the new deferred consideration obligation from the acquisition of the Renshaw Bay real estate debt business.

In addition, we recorded a decline in our pension liabilities from CHF 96.2 million to CHF 80.4 million for the defined benefit plans we operate mainly in the UK and in Switzerland. In 2015, we made a payment to reduce the liability of the defined benefit section of our UK plan, which has been closed to new entrants since January 2004. In Switzerland, the plan liability according to IFRS was reduced due to the estimated impact from the redundancies anticipated in 2016. Under Swiss pension law, the Swiss pension plan had an estimated technical funding ratio of about 100% as at 31 December 2015.

Treasury shares

IFRS requires a company that holds its own shares for trading and non-trading purposes to record those shares as treasury shares and deduct them from shareholders' equity. As of 31 December 2015, our holding of own shares of 5.3 million was equivalent to 3.2% of shares in issue. Of these shares, 2.2 million were bought back over the regular trading line at the SIX Swiss Exchange (first trading line) and held to cover our obligations under share-based compensation plans. This position remained largely unchanged from 31 December 2014. The remaining 3.1 million shares were purchased as part of our current share buy-back programme and are earmarked for cancellation following our Annual General Meeting on 27 April 2016.

Current share buy-back programme 2014-2017

The current share buy-back programme for the purpose of capital reduction started on 28 April 2014. It allows for the purchase of up to 16.7 million shares over a maximum period of three years. The share buy-backs are executed over a second trading line at the SIX Swiss Exchange, where GAM acts as sole buyer, and are funded from the Group's cash resources. Over the course of 2015, the 3.1 million shares bought back under this programme were purchased at an average share price of CHF 17.91, representing a total value of CHF 55.5 million.

Dividend for the 2015 financial year

At the upcoming Annual General Meeting on 27 April 2016, the Board of Directors will propose an unchanged dividend of CHF 0.65 per share, representing an estimated total distribution of about CHF 103 million, or 65% of the underlying net profit (based on the number of shares outstanding as at 31 December 2015). The proposal underscores our commitment to maintain sustainable, progressive and predictable dividend payments that will increase broadly in line with earnings growth through the business cycle. The Board of Directors intends to pay this dividend from our capital contribution reserves, making it exempt from Swiss withholding tax of 35% and income tax free for private investors resident in Switzerland.

RISK MANAGEMENT

Effective risk management is fundamental to all stakeholders of the Group, including shareholders, clients and employees, and is of interest to the wider financial services sector. Regulators continually assess our capital positions as well as our approach to risk and expect us to adhere not only to the minimum regulatory requirements but equally to best industry practice. The Group regards the effective management of its risk as being central to the successful achievement of its business objectives. It therefore has in place frameworks that are designed to embed the management of risk at different levels within the organisation.

Risk management framework and process

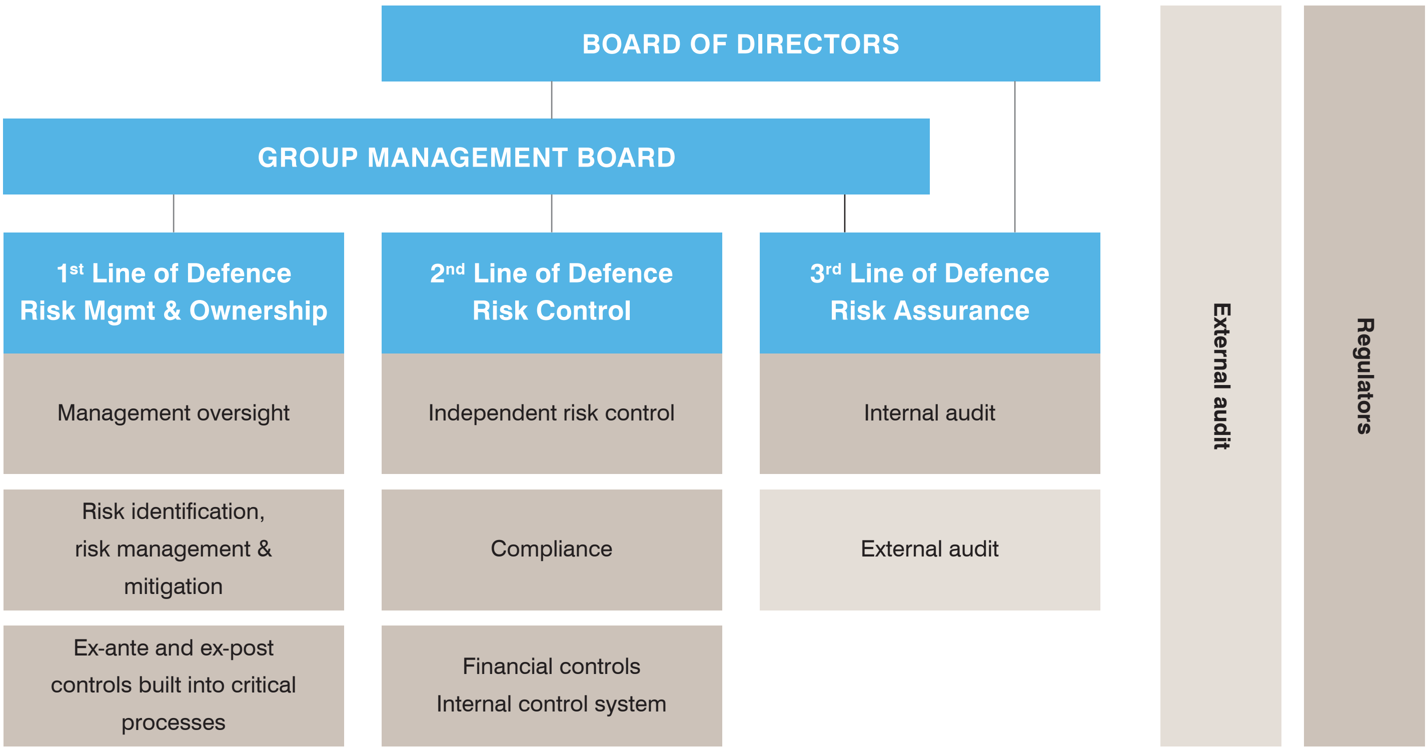
The Group's approach to risk management and control is a structured process that identifies, measures, reports, mitigates and controls risk. It is designed to identify potential changes in the risk profile of the business and is built on the three lines of defence model, supported by formal governance processes, individual responsibility and senior management oversight.

Risk management is not the responsibility of one single individual or department, but is the duty of all employees within the Group. It forms an integral part of good management practice and normal business processes.

Line management forms our first line of defence in risk management. The various risk control and compliance oversight functions established by management are the second line and independent assurance as provided by our internal and external auditors represents our third line of defence.

The Group's risk management framework defines the Group's fundamental approach to risk and guides the management and control of all types of risks at different levels within the organisation. It also serves to ensure that the Group's aggregate risk exposure is commensurate with its risk capacity and risk appetite as determined by the Board of Directors, taking into consideration the Group's earnings capacity and capital position.

The three lines of defence model



The Group Management Board is responsible for implementing the overall risk strategy and the Group's risk management framework as determined by the Board of Directors, for managing the risks of the Company and for monitoring the risk exposure and risk management and control processes of the operating entities. In particular, it reviews the regular risk reports and the annual risk landscape report.

The Group Head of Risk & Governance, who reports directly to the Group General Counsel, independently assesses and reports to the Group Management Board and the Audit Committee of the Board of Directors on all types of risks other than legal, regulatory, compliance and tax risks (being dealt with by the Group General Counsel and the Group Chief Financial Officer respectively), and on the appropriateness and effectiveness of governance, risk management and control processes and specifically whether they are commensurate with accepted risks. The Group General Counsel manages and reports to the Group Management Board and the Audit Committee of the Board of Directors on legal, regulatory and compliance risks, including any material litigation, as well as regulatory investigations, and ensures the Group meets relevant regulatory and professional standards in the conduct of its business. The Group Chief Financial Officer is, among other things, also responsible for treasury and capital management, including the management and control of the Group's operating entities' liquidity risk and compliance with applicable regulatory capital requirements, and for the management and control of the Group's tax affairs, including for the related reporting to the Group Management Board and the Audit Committee of the Board of Directors. Day-to-day independent and objective assessment and monitoring of risk in the Group's operating entities is provided by respective control functions which report to the Group Chief Financial Officer, the Group Head of Risk & Governance, or the Group General Counsel.

In order to be able to respond quickly in a crisis situation, the Group Management Board has established a Group Crisis Management Committee; an ad hoc committee that assists the Group Management Board in the management of a crisis. It includes senior executives from all critical domains of the Group's business and can be invoked at short notice. The purpose of this committee is to facilitate a swift, well-coordinated and informed response to a crisis with all required information and know-how at hand.

The Group's risk landscape is dynamic and evolves as the Group's business mix and the market environment change. The identification of existing and potentially newly emerging risks is a continuous task, involving all management levels within the Group and control functions, as well as the Group Management Board, the Audit Committee of the Board of Directors and the Board of Directors.

Annually, we define an updated risk landscape resulting from the analysis and assessment of the potential impact that internal and external events might have on the Group and that might give rise to direct or indirect losses. This analysis starts with the identification of significant inherent risks and is followed by the assessment of the effectiveness of our existing controls and/or other mitigating measures that could be taken, and ultimately results in an assessment of the remaining residual risks. The resulting annual risk landscape report is discussed and approved by the Group Management Board, the Audit Committee of the Board of Directors and the Board of Directors, and is used for strategic planning purposes and for our risk-based internal audit planning.

Risk types

Risk is defined as any potential event that may have an adverse effect on the Group's ability to achieve its operational objectives or execute its strategies successfully, consequently preventing value creation or eroding existing value. In common with many businesses, the Group is exposed to a range of risks across many of its activities, including:

- Strategic and business risk
- Operational risk
- Reputational risk
- Financial risk

Strategic and business risk

Strategic and business risks represent those events that could lead to an erosion in our market position, compromise the future profitability of the Group, or impair the sustainability of our business. Strategic and business risks arise when our revenues fall and any reduction in costs is insufficient to offset the decline in revenues. These risks can be driven by many events, either industry-wide or specific to our Group, which could adversely affect investment performance and have a negative effect on our net inflows, assets under management, related fee income and capital basis. Strategic and business risks can also arise if events such as regulatory changes result in an increase in costs, or if the competitive dynamics lead to erosion in profit margins or if the effective corporate tax rate increases.

The key strategic and business risks for the Group include:

Volatility and disruption in world capital markets as well as adverse changes in the global economy

We derive substantially all our revenues from investment management contracts, under which the majority of fees paid to us are typically based on the market value of assets under management. In the event of extreme circumstances, including economic, political or business crises, such as a widespread systemic failure or disruptions in the global financial system, we may suffer significant declines in assets under management which would adversely affect our operating results and impact our ability to attract and retain key people. Market illiquidity and/or valuation issues could also negatively affect our ability to manage client in- and outflows, or to meet client redemption requests in a timely manner. Our diversified business serves as a risk mitigant also in relation to asset classes' market illiquidity and/or valuation issues.

Change in investor appetite
Events in financial markets can cause gradual or rapid shifts in asset allocations and a change in investor appetite for our products and services. Reduced investor demand for our products and services could lead to lower inflows and higher outflows. In response, we have a targeted set of products that offer investors a range of risks and returns depending on their risk appetite. Furthermore, our client services departments ensure that there is active and timely communication with investors to provide them with the appropriate information to make informed investment decisions.

Loss of investment professionals
The departure of professionals, in particular of investment professionals, could result in a loss of knowledge or expertise and, among other things, lead to a fall in assets under management and therefore a fall in our revenues and profitability. We manage this risk by providing our investment professionals with a platform and an environment within which they can prosper and succeed. Furthermore, our incentive packages are designed to be competitive and to recognise and reward good performance and risk management. Our scale and product diversification also serve as a risk mitigant in relation to the potential loss of investment professionals.

"Risk is defined as any potential event that may have an adverse effect on the Group's ability to achieve its operational objectives or execute its strategies successfully."

Poor investment performance
Poor investment performance within our product offerings could lead to a decline in their value and result in lower assets under management and lower management fee revenues. Additionally, a portion of our revenues is derived from performance fees on investment management contracts. Poor investment performance could result in a significant drop in performance fees or no performance fees at all. Underperformance of our products relative to that of other investment products available to investors could also lead to increased outflows and lower future inflows, thereby reducing assets under management as well as management and performance fee revenues. This is a key risk we have to accept in our business. To manage this risk, we focus on hiring and retaining highly skilled investment professionals who are incentivised to perform within the parameters of their mandate. We also operate robust investment processes, have sophisticated risk management processes and systems, provide regular oversight of the performance of our investment professionals and take active steps to address underperformance if it occurs.

Product profitability
We operate in a competitive environment and therefore are subject to market dynamics that could lead to a reduction in historical product profit margins. Our business model gives us flexibility to mitigate the effects of this risk. Our focus is on delivering investment outperformance so that our products enjoy continued demand from clients. Providing quality client services – for example, transparent and comprehensive reporting – adds value for investors in our products. We are constantly on the lookout to seize new investment opportunities and to develop new products so that we can ensure the breadth of our product range is differentiated and attractive to potential clients.

Client concentration
We have three broad client groups: institutional investors, who are often advised by consultants; retail investors, who are typically intermediated through banks, brokers and independent advisers; and private clients and charities. The loss of a large institutional investor or an important wholesale intermediary relationship could have an adverse effect on the Group's assets under management. We mitigate client concentration risk through the continued growth and diversification of our distribution network across multiple geographic regions, and through having a breadth of products targeted to different segments of the market.

Foreign exchange risk
The Group reports its results in Swiss francs. It is exposed to foreign exchange risk as a large proportion of its revenue and expenses relate to currencies other than its Swiss franc reporting currency. Fluctuations in exchange rates against the Swiss franc impact the results of the Group. We may engage, from time to time, in foreign exchange hedging transactions in an effort to mitigate the negative impact of exchange rate movements on our results. Refer also to the currency risk description included in Note 22 of the Consolidated Financial Statements.

> "Day-to-day independent and objective assessment and monitoring of risk is provided by respective control functions."

Soundness of financial institutions
Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. The latest financial crisis highlighted the degree of interconnection of the global markets and demonstrated how the deteriorating financial condition of one institution may materially and adversely impact the performance of other institutions. The Group and the fund products and client accounts that we manage routinely execute transactions with counterparties in the financial services industry. We actively seek to mitigate the resulting credit exposures through the use of collateral and by applying other exposure mitigation techniques and we continuously monitor the credit quality of counterparties. However, we and the fund products and client accounts that we manage are not immune to credit, operational or other risks in the event of any default by a counterparty, or in the event of other unrelated systemic failures in the markets.

Use of brands
The Group distributes its products under two widely recognised brands – GAM and Julius Baer. Damage caused to either of these brands may result in negative client sentiment and reduced demand for our products. The use of the Julius Baer brand is based on an exclusive, arm's-length licence agreement entered into with Julius Baer. Whilst this licence is perpetual in nature, Julius Baer can request us to re-brand the relevant funds and discontinue the use of the Julius Baer brand over a one-year transitional period, which would simultaneously bring to an end our obligation to pay a brand licence fee to Julius Baer. Should we decide at that time that it is not in our interests to implement the fund re-branding exercise, Julius Baer's sole remedy is the right to purchase the legal entities exclusively utilising the brand based upon a pre-agreed peer group multiple that is intended to value the business in those legal entities at no less than its then current market value.

Legal and regulatory change
Legal and regulatory change may affect the investment management sector either directly or indirectly. The environment in which we operate is highly regulated and subject to frequent changes as particularly witnessed over recent years, and such a trend is likely to continue. We constantly monitor our products and sales practices to ensure that they are compliant with existing and emerging regulations. Changes in and the evolving interpretation of applicable laws and regulations affecting such areas of our business can result in previously unanticipated costs or expenses. Legal and regulatory considerations impact all areas of our business, from our corporate governance, to the structuring and distribution of our products, to the way we undertake business in many jurisdictions. We have in place a strong legal and regulatory control framework to address these requirements, built into our Group entities and underpinned by our Legal and Compliance function, which comprises individuals with experience across the entire range of legal and regulatory topics that affect our businesses.

Fiscal changes
Our Group has substantial business operations spread across many countries, with varying effective tax rates.

Fiscal changes in any of these jurisdictions could either increase our effective corporate tax rate or adversely affect our investment funds compared to other forms of investment products. We monitor relevant fiscal developments and, in particular, regularly review our transfer pricing policies and procedures in order to comply with applicable international and local tax and transfer pricing regulations.

Accounting risk
Accounting risks for the Group represent the risk that our financial statements and other statutory and regulatory reporting do not accord with International Financial Reporting Standards (IFRS) and/or other relevant statutory requirements, are not based on appropriate accounting policies and/or do not incorporate required disclosures. As the IFRS rules applied by our Group are subject to continued revisions and amendments by the standard setter, such changes can affect the way we present our results in our income statement and equally how we recognise assets and liabilities in our balance sheet (see Notes 3.3 to 3.4 of the Consolidated Financial Statements). We maintain a comprehensive group accounting and reporting manual, which is regularly reviewed and updated, if required, to ensure a consistent application of these accounting standards across the Group. We are also in continuous dialogue with our external auditors, which on an annual basis review our accounts and the controls aimed at detecting potential material accounting differences.

Pension fund accounting
The asset liability mismatch inherent in defined benefit pension plans can give rise to pension fund deficits as determined in accordance with IAS 19 rules. Deficits calculated according to these IAS 19 rules are subject to volatility, depending on underlying changes in the input parameters, such as asset performance, inflation rate and discount rate (see Note 19 of the Consolidated Financial Statements).

Operational risk

Operational risks comprise the risks of losses resulting from inadequate or failed internal processes or procedures, people and systems or from external events. They also include legal, regulatory, compliance and tax risks resulting from failure to comply with relevant laws and regulations as well as contractual obligations.

Examples of potential operational risks in the Group's business activities include trade errors, mis-selling of products, errors in fund prospectuses, failures of due diligence, including client suitability, misjudgment of a product or new market's complexity, breach of investment guidelines, failures by third-party providers of critical services, technology failures, infrastructure breakdowns, fund valuation and pricing errors, fraud and financial crime, as well as evolving forms of operational risks such as information security breaches or cyber crime.

Significant resources are devoted to protecting the resilience of the Group's IT systems, including formal business continuity plans and remote data back-up and disaster recovery facilities for its key locations. Business continuity for its core activities is regularly tested to maintain its effectiveness.

Serious legal, financial and reputational consequences would likely result in the case of a failure to maintain and implement adequate programmes to combat money laundering and/or terrorist financing. As a Group active in the global marketplace, we also face the potential risk of violating existing or new sanction programmes. The risk of violating sanctions increases as a business expands across borders. Our effective compliance guidance and monitoring is therefore critical to sustaining multinational growth.

Asset managers have to address potential conflicts between themselves and their clients, between the interests of their different clients, and between the organisation and their employees. The Group has procedures and controls in place that are reasonably designed to identify and appropriately address conflicts of interest.

> **"The Group continually develops and enhances its internal operational processes and procedures."**

The contracts under which we manage clients' assets contain diverse investment guidelines and other contractual requirements that we are obliged to comply with in providing our investment management services. We have systems and processes in place that shall ensure compliance with these investment guidelines. In order to meet increasing demands we are continuously improving the resilience of our ex-ante and ex-post controls by enhancing our systems and processes.

The Group depends to varying degrees on a number of key vendors for various fund administration, accounting, custody, risk analytics, market data, market indices, transfer agent, portfolio management and other operational needs. The failure or inability of the Group to diversify its sources for key services or the failure of any key vendor to fulfil their obligations could lead to operational and regulatory issues for the Group and some of its products, which could result in reputational harm and financial losses for the Group. In order to manage and control key vendor risk, we impose high-quality requirements in the selection of such external service providers, we ensure that the service level is sufficiently documented in appropriate delegation agreements and we equally ensure that the service providers and the quality of their services are subject to ongoing monitoring. The development of exit plans, which describe and facilitate the process for transitioning services from one provider to another, also form part of our resilience arrangements.

The Group has started the implementation of a new operating model. Our operations and IT functions will be focused on core parts of the value chain: the support of portfolio management and client servicing activities. Conversely, fund accounting and middle office processes, which are becoming increasingly commoditised, are outsourced to a specialised provider. In addition, across the Group, remaining duplications in processes, structures and systems will progressively be reduced to further integrate our business. To implement this new operating model and mitigate change-driven operational risks associated with the implementation, a dedicated project team has been established with the aim to seamlessly transition these services and ensure undisrupted daily activities.

The Group continually develops and enhances its internal operational processes and procedures to support the development of the business and the wider environment in which it operates. These enhancements are developed in conjunction with a dynamic risk control framework that aims to mitigate and enable early identification of potential operational risks to support a proactive approach to the management of those risks.

The system of internal control is subject to regular review by the Group's Internal Audit function, based on an audit plan approved annually by the Audit Committee of the Board of Directors. The plan covers the business areas and processes that management believes are the most significant in terms of the Group's risk profile and where there are key controls on which the Group relies.

An insurance programme provided by a syndicate of third-party insurers is tailored to the Group's risk profile and designed to increase the breadth of cover and certainty of response in respect of certain potential material liabilities arising.

Reputational risk

The Group's ability to conduct its business is critically dependent on the reputation it has earned. Maintaining its good reputation is therefore vitally important for the Group and requires that every employee, but in particular those involved in risk decisions, makes the Group's reputation an overriding concern. Responsibility for the risk of damage to the Group's reputation cannot be delegated or syndicated. The Group regards the risk of damage to its reputation as more likely to result from one of the risks described above materialising rather than as a standalone risk. The Group believes that avoidance of reputational risk is achieved through ensuring that the mitigation of these other risks is effective. In addition, it maintains an effective means of communication with shareholders and analysts to address rumours and misrepresentations of its position to further mitigate the risk of damage to its reputation.

Financial risk

For the description of the Group's financial risk refer to Note 22 of the Consolidated Financial Statements.

Effectiveness of controls and risk management

Although we have adopted comprehensive risk management and control processes and continue to enhance various controls, procedures, policies and systems to monitor and manage risks, it cannot be guaranteed that such controls, procedures, policies and systems will successfully identify and manage internal and external risks to our businesses. We are subject to the risk that our employees, contractors or other third parties may deliberately seek to circumvent established controls to commit fraud or act in ways that are inconsistent with our controls, policies and procedures.

CORPORATE RESPONSIBILITY

Corporate responsibility for us is not about a set of rules. It's about each individual at GAM adhering to the highest ethical standards and demonstrating probity in everything we do, at work and in our local communities.

As asset managers, our ethos is aligned with those we invest and work for. We work diligently and with integrity to provide our clients with efficient access to investment opportunities and insights to help achieve their aspirations. By putting their capital to work, we help pension funds in mastering the challenges of an ageing society, charities in maximising their impact and individual savers in moulding their future.

Sustainable investing

At GAM, we offer a unique environment for investment managers, granting them a great degree of freedom and independence. At the same time we provide for an institutional framework that supports the managers and their individual teams in all aspects of their jobs.

In accordance with our duty to act in the best interest of our clients, each investment team is required to explore all aspects that could potentially impact investment performance. This includes the consideration of environmental, social and governance (ESG) criteria and the adherence to active ownership practices. At GAM, we acknowledge that ESG factors can potentially have a material impact on investment risk and investment opportunities and therefore on long-term investment returns.

By becoming a signatory to the United Nations-supported Principles for Responsible Investment (PRI) in 2015, we have committed to support our teams in incorporating ESG aspects into their specific investment decision-making processes. In 2015 a dedicated working group undertook a series of steps to put our goal into practice. In February 2015, we published the Group's Sustainable Investing Guidelines. Over the summer, we collected the specific requirements of our investment teams. On this basis, we are currently in the process of determining our future responsible investment framework and are carrying out due diligence on potential specialist vendors of ESG data to partner with us.

> "As investors, we consciously and responsibly support the development of just, stable, well-functioning and well-governed societies and economies, as well as sound environmental practices."
>
> **Alexander S. Friedman**

In fulfilling our obligation to act in the best interest of our clients, the Group has committed to providing infrastructure support, research resources, proxy voting services, engagement support and reporting, which allow our investment teams to strengthen their consideration of ESG aspects over time.

Responsible business practices

Responsible business behaviour is driven by our commitment to planning for the long term. As a company, all our activities are designed to meet our commitments to our main stakeholders: our clients, employees, shareholders and regulators. Most importantly, we expect all of our employees to place the interests of the Group, our clients and shareholders above personal interests. Internal policies and procedures formalise the basis for how we conduct business. However, they do not address every situation that may arise in our day-to-day activities. To maintain our standards, we firmly believe that the best way to encourage and guide responsible behaviour is to continuously cultivate the right environment for responsible behaviour and to strengthen our employees' individual sense of responsibility.

Laws, Rules and Regulations

We observe applicable laws, rules and regulations of the countries in which we operate and comply with our own internal policies and standards. We always interpret and apply them in the best interests of our clients, employees and shareholders.

Client relationships

We treat all our clients fairly and with integrity, acting as good stewards of their interests. Earning our clients' trust, through a strong direct relationship, or by building sustainable and constructive partnerships with distributors and intermediaries, is our overriding objective.

Professionalism

We actively seek to attain a level of professional competence appropriate to our responsibilities, to promote the development of others and continue to update our knowledge and skills. We only accept engagements in our areas of competency, unless we have access to advice and assistance that enables us to carry out the work proficiently.

Diversity and Equal Opportunity

We provide equal employment and advancement opportunities for all individuals regardless of race, ethnicity, gender, sexuality, religion or professional background. We treat each other fairly and respectfully, support each other and collaborate in order to achieve the Group's objectives. Independent thinking, different opinions and perspectives are encouraged, valued and respected.

The full set of principles and practices we expect every employee in our Group to follow are set out in our Code of Conduct, which can be found on our website: www.gam.com/code-of-conduct

Supporting our communities

We encourage our staff to play an active role in the communities they live and work in, for instance by supporting participation in local volunteering activities. We also invest in good causes that are aligned with our own culture and values and help children and students maximise their talents. Each year GAM allocates a global budget to match staff donations to international charities for specific causes.

Examples of our engagements can be found on our website: www.gam.com/corporate-responsibility

Spotlight on Macmillan Cancer Support

In 2015, over 20 GAM employees took part in the Macmillan London Takeover day, which involved street collections in West London. Since 2008, we have hosted the annual Macmillan coffee mornings at our GAM offices in London, raising nearly GBP 25,000 to date. The money collected helps support those who have to live with cancer. Macmillan provides medical, emotional, practical and financial support, making sure no one faces cancer alone. More information on www.macmillan.org.uk

OUR PEOPLE

GAM's corporate culture

Employees who feel confident and empowered are more likely to act in the best interests of the Group and our clients. In turn, our employees reward us with their loyalty and dedication. Therefore, we believe in the importance of maintaining an open culture and honest communication. A culture that avoids bureaucracy and encourages a flexible, accessible and hands-on working style across the Group. We strive to provide a stimulating and attractive place to work – one where talent is recognised, nurtured and developed. The value we place on our people is best shown by making every individual count, appreciating professional excellence, entrepreneurial flair and team spirit.

Remuneration policy

Our employees have a direct influence on our success as a business and the performance we achieve for our clients and shareholders. This contribution is recognised in their advancement within the Group as well as in their remuneration. Remuneration is based on performance and reflects individual, business unit and Group accomplishments. In order to create a stronger alignment between the interests of our staff and those of our shareholders we plan to introduce a share programme available to all employees in 2016. For further details on our remuneration policy, please refer to the 'Compensation Report' section of this Annual Report.

Managing performance

Effective performance management is the foundation for the success of individual employees, their teams and the company as a whole. Our Group-wide performance management framework provides regular opportunities for dialogue between managers and their direct reports. It includes the setting of mutually agreed development and performance objectives. It also allows us to assess to what extent and how these objectives have been achieved, linking performance with behaviour and compensation. This evaluation is performed at least once a year as a self-assessment by each employee, the line manager and potentially other relevant reviewers in the company. This feedback is formally recorded and discussed between line managers and their direct reports. Our Human Resources teams oversee the process, ensuring participation across the company, and provide training on objective-setting and management skills throughout the year.

Headcount by region (in FTEs)

as at 31 December 2015

	2015	2014
Switzerland	335	348
UK	382	372
Rest of Europe	262	265
Rest of the world	95	109
Total headcount	1,074	1,094

Employee engagement

Our employees' drive, skills and insights are essential to create value for our clients and shareholders. Ensuring they understand and are actively involved in the evolution of the company is a pre-requisite of their engagement.

> "GAM is above all a people business. Attracting talents, motivating them, and giving them the freedom to explore new ideas is what makes us successful."
>
> **Alexander S. Friedman**

Employees are informed about strategic business decisions and initiatives openly and transparently. There are 'town hall' meetings that take place on a regular basis, where staff have the opportunity to ask questions and engage in conversations with senior management.

In autumn 2015, we launched a new brand identity. We included our staff through collecting their thoughts and ideas via a survey on the intranet and individual interviews with select employees. One of the most important findings from this analysis was the need for a common purpose uniting all of our staff, reflecting what we offer our clients and what we value internally – our people, professional excellence, entrepreneurial flair and team spirit. Based on the input from our staff and clients, we formulated the purpose which is now at the core of our brand: advancing the potential of capital. It expresses the joint dedication across our company to putting our clients' capital to work, in order to help them achieve their aspirations.

Stimulating and inclusive workplace

GAM's culture is grounded in mutual respect and non-discrimination irrespective of age, disability, gender, race, religion, sexual orientation or educational background. We want our employees to feel encouraged to attain a level of professional competence appropriate for their responsibilities, to promote the development of their colleagues, and to continue to update their own skills and knowledge.

In addition to in-house training, we also support external education to help our employees gain qualifications relevant to their roles and that will advance their skills and careers. Our employees regularly gather for lunchtime open forum sessions where they exchange best practice and educate each other on their respective parts of the business. Recruitment, staff development and working practices (such as flexible working arrangements and childcare support, in line with local market practices) are designed to promote diversity and equality.

Supporting our employees' wellbeing

We strive to provide our employees with a work environment that protects their health, safety and supports their wellbeing. We offer all our employees a comprehensive suite of additional benefits that are competitive in their respective local markets.

In addition, we support informal get-togethers, which in our larger offices are organised by a local, company-sponsored social committee. Through these events, our employees get the chance to get to know each other outside a business environment, which in turn helps to strengthen collaboration.

Dealing with corporate restructuring and change

In August 2015 we announced the restructuring of our operations and IT functions, affecting our teams in Dublin, London and Zurich. The implementation of our new operating model will be completed by year-end 2016, involving the outsourcing of fund accounting and middle office processes to an external provider, State Street. Over the course of this project and throughout 2016, we estimate that the total number of roles is likely to be reduced by approximately 15%. We will do all we can to offer impacted staff other alternative roles in-house, taking advantage of the natural turnover rate in these teams. However, we will not be able to avoid a certain number of redundancies and will mitigate the consequences for the impacted individuals as much as possible. Employees who are unable to find a suitable role over the course of this project will be compensated with appropriate redundancy packages, comprising their notice period and one month's salary per year of service, capped at 12 months, and will receive our support in their search for new employment.

Snapshot 2015

Split male/female

59% 41%

40% of our line managers are female

Average length of service

6.4 YEARS

Different nationalities

48

Average age

42 YEARS

Hours of training per employee

8.2 HOURS per year

Investment professionals (headcounts)

159	investment professionals
18.7 years	average years of investment experience (ranging 1–50)
7.6 years	average tenure
20%	women

Relationship managers (headcounts)

81	relationship managers
7.2 years	average tenure
106	employees providing support in marketing, sales support and product specialist roles

Private labelling (headcounts)

11	project managers
7.9 years	average tenure
14	total staff

CORPORATE GOVERNANCE

Background

References in this Annual Report to ‘the Company’ shall be taken as references to GAM Holding AG. References to ‘the Group’ shall be taken as references to GAM Holding AG and all of its subsidiaries. References to ‘the Board of Directors’ and ‘the Group Management Board’ shall each mean such bodies of GAM Holding AG.

Consistent and long-term relationships with our stakeholders are fundamental for the sustained success of our business. We consider good corporate governance to be a decisive factor in achieving these objectives and we recognise that transparent disclosure of our governance helps stakeholders assess the quality of our Group and assists investors in their decision-making.

Corporate governance defines the structures, rules and processes required for the proper organisation and conduct of business as it establishes the powers and responsibilities of our corporate bodies and employees. Our governance framework is designed to provide the appropriate checks and balances between the Board of Directors, the Group Management Board and the local management of our business, with the goal of balancing and safeguarding the interests of the Company, its shareholders, customers, employees and other stakeholders.

The Company is subject to the laws of Switzerland, in particular the Swiss Code of Obligations. In addition, the Company is subject to the rules of the SIX Swiss Exchange, including the Directive on Information Relating to Corporate Governance (the ‘Corporate Governance Directive’), and is under consolidated supervision and regulation of the Swiss Financial Market Supervisory Authority FINMA.

In 2015, we fully implemented the ‘Swiss Ordinance against Excessive Compensation in Listed Stock Companies’ by, among other things, amending our Articles of Incorporation and obtaining the approval of our shareholders at our 2015 Annual General Meeting. Key aspects of these amendments included: a) principles concerning the tasks and responsibilities of the Compensation Committee, b) details concerning the procedure for the new annually binding shareholder votes on the aggregate compensation amounts of the Board of Directors and the Group Management Board, c) principles of our compensation policy, and d) the maximum number of mandates outside the Group for members of the Board of Directors and the Group Management Board.

The principles and rules on corporate governance are incorporated or defined in a number of documents, including the Articles of Incorporation, the Charters of the Board of Directors and its Committees and our Organisational Rules. The Board of Directors’ Governance and Nomination Committee reviews these principles and rules on a regular basis in order to assess them in light of prevailing best practices, and proposes any suggestions for improvements to the full Board of Directors for their consideration and approval. The corporate governance information in this Annual Report is presented in accordance with the Corporate Governance Directive of the SIX Swiss Exchange and takes into account the guidelines and recommendations of the ‘Swiss Code of Best Practice for Corporate Governance’ of the Swiss business association economiesuisse. For the compensation paid to, and shareholdings of, the members of the Board of Directors and the Group Management Board, including the basic principles and elements of compensation and equity participation programmes and a description of the authorities and procedure for determining the same, as well as loans granted to those individuals, see our Compensation Report, beginning on page 70, and Article 11 of the Articles of Incorporation which can be found at www.gam.com/aoi2015.

The following information corresponds to the situation as at 31 December 2015 unless indicated otherwise.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 Operational Group structure of GAM Holding AG

Our operating businesses are conducted through GAM Holding AG's subsidiaries (operating legal entities). The consolidated companies are disclosed in Note 27 of the Consolidated Financial Statements.

The diagram below reflects the holding structure and business operating model of the Group, including the composition of the Group Management Board of GAM Holding AG.

GAM Holding AG

Board of Directors
Johannes A. de Gier – Chairman
Daniel Daeniker – Vice Chairman
Diego du Monceau
Hugh Scott-Barrett
Tanja Weiher[1]

Group Management Board
Alexander S. Friedman – Group Chief Executive Officer
Richard McNamara – Group Chief Financial Officer[2]
Scott Sullivan – Group General Counsel and Region Head Asia Pacific
Craig Wallis – Group Head of Distribution and Operations
Larissa Alghisi Rubner – Group Head of Communications[3]
Andrew Hanges – Region Head UK
Martin Jufer – Region Head Continental Europe

Core activities	Investment management	Private labelling
Product brands	GAM, Julius Bär Funds	
Operating legal entities	GAM subsidiaries	

[1] With effect from 14 January 2016, Tanja Weiher stepped down from her role as member of the Board of Directors.

[2] With effect from 1 October 2015, Richard McNamara became a new member of the Group Management Board and assumed the role of Group CFO. From 16 January 2013 until 30 September 2015, Marco Suter acted as Group CFO.

[3] New member of the Group Management Board since 30 June 2015. On 30 June 2015, Michele Porro decided to leave the Group and stepped down as member of the Group Management Board with immediate effect.

1.2 Significant shareholders/participants

Based on notifications received by GAM Holding AG, each of the following shareholders/participants held more than 3% of the voting rights in GAM Holding AG as at 31 December 2015.[1]

	Voting rights conferred by shares/equity securities	Voting rights conferred by conversion rights, share purchase rights and granted share sale rights and financial instruments	**Resulting total percentage holding of voting rights at time of creation of the obligation to notify**
Shareholder/participant[2]			
Silchester International Investors LLP[3]	15.01%	-	**15.01%**
FIL Limited[4]	5.08%	-	**5.08%**
T. Rowe Price Associates Inc.[5]	5.01%	-	**5.01%**
GAM Holding AG[6]	3.22%[7]	-	**3.22%**
BlackRock Inc.[8]	3.01%[9]	0.05%	**3.06%**
Kiltearn Partners LLP[10]	3.04%	-	**3.04%**

1 The percentage holding of voting rights as well as the other terms used in this section bear the meaning ascribed to them and should be read in the context of the applicable stock exchange rules.

2 Any change in the holding of voting rights between reportable thresholds does not trigger any notification duty.

3 Silchester International Investors LLP, London, UK (as at 10 February 2014).

4 FIL Limited, Hamilton, Bermuda (as at 11 March 2015).

5 T. Rowe Price Associates Inc., Baltimore, USA (as at 6 February 2014).

6 GAM Holding AG, Zurich, Switzerland (as at 31 December 2015).

7 As at 31 December 2015, GAM Holding AG also had a sale position of GAM Holding AG shares of 4.2% of shares in issue related to grants made under its current equity participation programmes. For further details, please refer to Note 25 of the Consolidated Financial Statements.

8 BlackRock Inc., New York, USA (as at 17 March 2015).

9 BlackRock Inc. also reported on 17 March 2015 a sale position of GAM Holding AG shares of 0.34% of shares in issue.

10 Kiltearn Partners LLP, Edinburgh, UK (as at 1 September 2014).

Notifications of significant shareholdings in GAM Holding AG, or disposal of such, that were disclosed during 2015 can be found under the following link by inserting ‘GAM Holding AG’ as the company name:
https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Based on notifications received by GAM Holding AG, each of the following shareholders/participants held more than 3% of the voting rights in GAM Holding AG as at 31 December 2014.[1]

	Voting rights conferred by shares/equity securities	Voting rights conferred by conversion rights, share purchase rights and granted share sale rights and financial instruments	**Resulting total percentage holding of voting rights at time of creation of the obligation to notify**
Shareholder/participant[2]			
Silchester International Investors LLP[3]	15.01%	-	**15.01%**
T. Rowe Price Associates Inc.[4]	5.01%	-	**5.01%**
GAM Holding AG[5]	3.27%[6]	-	**3.27%**
FIL Limited[7]	3.10%	-	**3.10%**
Kiltearn Partners LLP[8]	3.04%	-	**3.04%**

[1] The percentage holding of voting rights as well as the other terms used in this section bear the meaning ascribed to them and should be read in the context of the applicable stock exchange rules.

[2] Please note that any change in the holding of voting rights between reportable thresholds does not trigger any notification duty.

[3] Silchester International Investors LLP, London, UK (as at 10 February 2014).

[4] T. Rowe Price Associates Inc., Baltimore, USA (as at 6 February 2014).

[5] GAM Holding AG, Zurich, Switzerland (as at 31 December 2014).

[6] As at 31 December 2014, GAM Holding AG also had a sale position of GAM Holding AG shares of 3.91% of shares in issue related to grants made under its equity participation programmes. For further details, please refer to Note 25 of the Consolidated Financial Statements.

[7] FIL Limited, Hamilton, Bermuda (as at 16 March 2012).

[8] Kiltearn Partners LLP, Edinburgh, UK (as at 1 September 2014).

1.3 Cross-shareholdings

There are no cross-shareholdings between GAM Holding AG or its subsidiaries and any other company that exceed 5% of capital or voting rights.

2. CAPITAL STRUCTURE

2.1 Capital

As at 31 December 2015, ordinary share capital existed in the amount of CHF 8,169,736.55. There is no authorised capital.

The share capital, which is fully paid, consists of 163,394,731 registered shares with a par value of CHF 0.05 each. The registered shares (security no. 10265962; ISIN CH0102659627) are listed on the SIX Swiss Exchange and are a component of the Swiss Market Index Mid (SMIM).

2.2 Conditional capital

The Company's share capital may be increased by the issue of up to 10,000,000 registered shares, to be fully paid and each with a par value of CHF 0.05, in a maximum total amount of CHF 500,000.00, through the exercise of conversion or warrant rights in connection with bonds issued by the Company or its subsidiaries. Subscription rights of existing shareholders are excluded. The acquisition of shares through the exercise of conversion or warrant rights and the subsequent transfer of shares is subject to the entry limitations as set forth in Article 4.3 et seq. of the Articles of Incorporation, which can be found at www.gam.com/aoi2015. For further details, see also section 2.6 below.

When issuing convertible or warrant bonds, the Board of Directors may rescind priority subscription rights of existing shareholders for 'important reasons'.

'Important reasons' may include securing optimal conditions in the issuing of bonds and ensuring equal treatment of shareholders domestically and abroad. In the event that the Board of Directors precludes the priority subscription rights, the following applies:

a) Conversion rights may be exercised only during a maximum period of seven years, and warrant rights only during a maximum period of four years from the date of issue of the relevant bond.
b) The new shares shall be issued according to the applicable conversion or warrant conditions. The convertible or warrant bonds must be issued in conformity with market conditions (including the usual market conditions with regard to protection against dilution). The conversion or option price must not be less than the average of the last prices paid on the SIX Swiss Exchange during the five days preceding the determination of the final issue conditions for the relevant convertible or warrant bonds.

2.3 Changes of capital

The description of the changes of capital in the last three years is disclosed in Note 20 of the Consolidated Financial Statements.

At the upcoming Annual General Meeting, the Board of Directors will propose the creation of authorised capital equal to 20% of the Company's current share capital. The proposal would allow the Board of Directors to increase the share capital at any time until 27 April 2018 by a maximum amount of CHF 1,633,946, by issuing a maximum of 32,678,920 fully paid registered shares with a par value of CHF 0.05 each. Of these 32,678,920 fully paid registered shares, the Board of Directors would be authorised to restrict or withdraw the pre-emptive rights of the existing shareholders with respect to a maximum of 16,339,460 registered shares and allocate such rights to third parties in certain cases, such as for acquisitions. Full details of the proposal will be published in the invitation to the upcoming Annual General Meeting.

2.4 Shares and participation certificates

	2015[1]	2014
Number of shares as of 31 December		
Registered shares with par value of CHF 0.05 each (all entitled to dividends)	163,394,731	166,661,731

[1] By resolution of the Annual General Meeting on 30 April 2015, 3,267,000 GAM Holding AG registered shares held by the Company itself were cancelled in connection with a corresponding decrease of the share capital.

There are no preferential or similar rights. Each share entitles the holder to one vote.
There are no participation certificates.

2.5 Bonus certificates

There are no bonus certificates.

2.6 Limitations on transferability and nominee registrations

The Company maintains a share register in which the owners and usufructuaries of the registered shares are entered with their name, address, nationality and place of incorporation in the case of legal entities. In relation to the Company, any person entered in the share register shall be deemed to be a shareholder. Nimbus AG, Ziegelbrueckstrasse 82, 8866 Ziegelbruecke, Switzerland, administrates the Company's share register.

The registered shares of the Company are issued as uncertificated securities and registered as intermediated securities. They are included in the SIS clearing system for transferred shares (SIS registered share system) for booking purposes. The Company may withdraw shares registered as intermediated securities from the custodian system. Each shareholder may at any time request from the Company a certification about the shares owned by them. However, the shareholders have no right to request the printing and delivery of certificates for their registered shares. At any time, the Company may print and deliver share certificates (individual certificates, certificates or global certificates) or convert uncertificated securities and share certificates into any other form, and may cancel issued share certificates once they have been returned to the Company. The transfer of intermediated securities, including the granting of security interests, is subject to the Swiss Intermediated Securities Act. In order to be valid vis-à-vis the Company, a transfer of uncertificated shares by assignment requires a notification of such transfer to the Company.

A person who acquires registered shares shall, upon application, be entered into the share register as a shareholder with voting rights, provided that such person expressly acknowledges that they have acquired the shares in their own name and for their own account. If the person acquiring registered shares does not provide such acknowledgement, the Board of Directors may, and would likely, refuse the entry of such person as a shareholder with voting rights in the share register.

The Board of Directors may issue rules for the entry in the share register of fiduciaries/nominees. It may enter in the share register fiduciaries/nominees with voting rights of up to 2% of the share capital. Furthermore, the Board of Directors may enter fiduciaries/nominees with voting rights in excess of 2%, if such fiduciaries/nominees disclose the name, address, nationality, registered office respectively, and shareholding of all persons for whose account they hold at least 0.5% of the share capital. Fiduciaries/nominees that are affiliated with other fiduciaries/nominees by means of ownership structure or voting rights, or which have a common management, or are otherwise affiliated, shall be deemed one fiduciary/nominee as regards the application of these entry limitations. As at 31 December 2015, there were no entries in the share register of fiduciaries/nominees with voting rights.

The Board of Directors may cancel the entry in the share register of a shareholder or fiduciary/nominee with voting rights, upon a hearing of such shareholder or fiduciary/nominee, if the entry in the share register is based on false information. The affected shareholder or fiduciary/nominee shall be notified of the cancellation immediately.

2.7 Convertible bonds and options

There are no outstanding convertible or warrant bonds. Information on employee options is disclosed in the Compensation Report and in Note 25 of the Consolidated Financial Statements.

3. BOARD OF DIRECTORS

3.1 Members of the Board of Directors

All the members of the Board of Directors of GAM Holding AG are non-executive members.

Johannes A. de Gier, Chairman of the Board of Directors
Johannes A. de Gier has been a member of the Board of Directors of GAM Holding AG since 2009 and was appointed Chairman and CEO following the separation of the Company from the Julius Baer Group in 2009. He has also chaired the Governance and Nomination Committee (since 2009) and served as a member of the Compensation Committee (since April 2015). At his re-election in April 2013, he chose to retain solely his role as Chairman, reflecting the move to a more integrated Group structure and the creation of the new role of Group CEO. Prior to the separation of the Company from the Julius Baer Group, Johannes A. de Gier was President of the Group Executive Board and Group CEO of Julius Baer Holding Ltd. from 2005 to 2008, and CEO of Bank Julius Baer & Co. Ltd. from 2008 to 2009. He led the integration of SBC Wealth Management (GAM and the private banks Ehinger & Armand von Ernst, Ferrier Lullin and Banco di Lugano) as Chairman of the SBC Wealth Management Board of Directors from 2002 until the sale to Julius Baer in 2005. Johannes A. de Gier was Executive Vice Chairman of the Board of Directors of UBS Ltd. until 2003. Before his election to the Board of Directors in 2001, Johannes A. de Gier held several senior management roles at UBS and its predecessor, Swiss Bank Corporation, which he joined in 1980. Johannes A. de Gier holds a degree in law from the University of Amsterdam. He was born in 1944 and is a Dutch citizen.

Daniel Daeniker, Vice Chairman of the Board of Directors
Daniel Daeniker has been a member of the Board of Directors of GAM Holding AG since 2010. He serves as Vice Chairman of the Board of Directors and has also served as a member of the Compensation Committee and of the Governance and Nomination Committee (since 2010). Daniel Daeniker has spent most of his professional career with Homburger AG, one of Switzerland's leading law firms based in Zurich, which he joined in 1991, was made partner in 2000 and was elected managing partner in 2013. His practice focuses on mergers & acquisitions, equity capital markets, financial services regulation and corporate governance. Daniel Daeniker, having been admitted to the bar in Switzerland (1990), has a PhD from the University of Zurich (1992) and an LL.M. from The Law School of the University of Chicago (1996). He has been a lecturer in law at the University of Zurich since 2001. He was born in 1963 and is a Swiss citizen.

Diego du Monceau, Chairman of the Compensation Committee
Diego du Monceau has been a member of the Board of Directors of GAM Holding AG since 2010. He has also served as a member of the Audit Committee (since 2010) and of the Compensation Committee (since April 2013), the latter being under his chair (since April 2014) and was a member of the Governance and Nomination Committee until April 2013. Diego du Monceau is an independent board member of a number of retailing companies and of different financial institutions in Belgium and Luxembourg. He started his career in investment banking and corporate finance at White Weld, Merrill Lynch and Swiss Bank Corporation in New York and London. Between 1985 and 2002, Diego du Monceau held different roles at the leadership of GIB Group (Belgium's top retailer at the time), where he was Managing Director, Chief Executive Officer and Vice Chairman of the Board of Directors. He was one of the founders, a member of the Board of Directors and the Chairman of the Investment Committee of a small regional development fund in Belgium. Diego du Monceau holds a degree in commercial engineering from the Solvay Business School of Brussels University and an MBA from Harvard Business School. He was born in 1949 and is a Belgian citizen.

Hugh Scott-Barrett, Chairman of the Audit Committee
Hugh Scott-Barrett has been a member of the Board of Directors of GAM Holding AG since 2009. He has also served as Chairman of the Audit Committee (since 2009) and was a member of the Compensation Committee until April 2013. Since 2008, he has been Chief Executive Officer of Capital & Regional plc, a specialist property company based in London. Hugh Scott-Barrett started his career in banking in 1980, in corporate finance at Kleinwort Benson. In 1984, he joined Swiss Bank Corporation where he held several senior roles in investment banking and became a member of the Corporate Finance Executive Committee of SBC Warburg in 1995. In 1996, he joined ABN AMRO where he held several senior positions, joining the Managing Board in 2000 and acting as Chief Operating Officer and finally as Chief Financial Officer until 2007. Hugh Scott-Barrett was educated in Paris and Oxford where he graduated in Modern History. He was born in 1958 and is a British citizen.

Tanja Weiher, Member of the Board of Directors
Tanja Weiher has been a member of the Board of Directors of GAM Holding AG since April 2013. She has also served as a member of the Audit Committee and of the Governance and Nomination Committee. Tanja Weiher is the founder and managing partner of Weiher Partners, an independent consulting boutique based in Zurich, advising companies on strategy and process development, particularly in the fields of organisation and people management. Before starting her own business in 2011, Tanja Weiher was a managing director at UBS Ltd. During her 13 years at UBS, she led the business analysis team of the group-wide strategy development unit and subsequently held different senior positions at UBS's Global Wealth Management and Swiss Banking division. She was first the division's Global Head of Controlling and later became its Chief Financial Officer as well as a member of its Executive Committee. Tanja Weiher holds a Master of European Management from the Copenhagen Business School and graduated in business administration from the Vienna University of Economics and Business. She was born in 1968 and is a Swiss / Austrian citizen.

Changes in the Board of Directors
At the Annual General Meeting held on 30 April 2015 all members of the Board of Directors who ran for re-election were re-elected for a one-year term of office. Dieter A. Enkelmann, who became a member of the Board of Directors in 2009, decided not to stand for re-election and left the Board of Directors of GAM Holding AG with the completion of the Annual General Meeting on 30 April 2015.

Following the acceptance of an executive role in the financial services industry in Switzerland, Tanja Weiher stepped down from her role as member of the Board of Directors, with effect as from 14 January 2016. As a result of Tanja Weiher's resignation and in accordance with the Articles of Incorporation, which states that the Board of Directors shall consist of at least five members, the Board of Directors will propose at least one new candidate for election to the Board of Directors at the upcoming Annual General Meeting.

3.2 Activities and functions of Board Members outside the Group

In applying the Corporate Governance Directive of the SIX Swiss Exchange and as set forth in Article 13 of the Articles of Incorporation, which can be found at www.gam.com/aoi2015, we disclose mandates and interest ties of the members of the Board of Directors outside the Group:

Johannes A. de Gier
None

Daniel Daeniker
Member of the Board of Directors and Chairman of the Audit Committee of the Board of Directors of Kaba Holding AG, Switzerland (listed entity)
Member of the Board of Directors of Rothschild & Co, France (listed entity)
Member of the Board of Directors of Homburger AG, Switzerland (non-listed entity)

Diego du Monceau
Member of the Board of Directors and Chairman of the Audit Committee of the Board of Directors of ING Belgium SA/NV, Belgium (non-listed entity)
Member of the Board of Directors of K & H Bank Zrt., Hungary (non-listed entity)
Member of the Board of Directors of WE International B.V., Belgium (non-listed entity)
Member of the Board of Directors and Chairman of the Audit Committee of the Board of Directors of Euro Shoe Group S.A., Belgium (non-listed entity)
Member of the Board of Directors of Foyer Finance S.A., Luxembourg (non-listed entity)

Hugh Scott-Barrett
Chief Executive Officer of Capital & Regional plc, England (listed entity), and member of the Board of the following non-listed entities, all controlled by Capital & Regional plc: Capital & Regional Property Management Limited, Snozone Holdings Limited, The Mall Limited, Capital & Regional Earnings Limited, Capital & Regional Holdings Limited, and Capital & Regional Income Limited
Member of the Board of Goodwood Estate Company Limited, England (non-listed entity)

Tanja Weiher
Member of the Board of Directors and managing partner of Weiher Partners AG, Switzerland (non-listed entity)

3.3 Elections and terms of office

The members of the Board of Directors are elected on an individual basis by the General Meeting for a one-year term of office expiring after the completion of the next Annual General Meeting. Members whose term of office has expired are immediately eligible for re-election.

Except for the election of the Chairman of the Board of Directors and the members of the Compensation Committee by the Annual General Meeting, the Board of Directors constitutes itself. If the office of the Chairman of the Board of Directors is vacant, the Board of Directors appoints a new Chairman from among its members for the remaining term of office. If there are vacancies on the Compensation Committee, the Board of Directors fills the vacancies from among its members for the remaining term of office.

The maximum cumulative term of office for members of the Board of Directors is, as a general rule, 12 years. Individuals will, as a general rule, not be nominated by the Board of Directors for election after they have reached the age of 70. In exceptional cases, the Board of Directors can extend these term and age limits.

3.4 The operation of the Board of Directors and its Committees

The Board of Directors

The Board of Directors operates according to Swiss company law, the Company's Articles of Incorporation and Organisational Rules as well the Board of Directors' Charter.

According to Swiss company law and the Articles of Incorporation of GAM Holding AG, the Board of Directors has the following inalienable and non-delegable duties:

a) to supervise the Company and issue any necessary instructions;
b) to determine the organisation of the Company;
c) to arrange the accounting, financial control and financial planning as necessary for the management of the Company;
d) to appoint and remove the persons entrusted with the Company's management;
e) to control those persons entrusted with the management of the Company, including in relation to compliance with applicable laws and regulations as well as instructions;
f) to draw up the annual report and the compensation report of the Company, and to prepare the General Meeting and implement its resolutions; and
g) to make any necessary notifications in the event of insolvency.

In line with these duties, the Board of Directors assumes responsibility for the overall strategy and direction, management supervision and control of the Company and the Group. The Board of Directors has established two Committees and additionally, the Articles of Incorporation of GAM Holding AG provide for the establishment of a Compensation Committee (see below), to assist it in discharging its non-delegable duties, and has delegated the management of the Company and its oversight and control of the business to the Group Management Board under the leadership of the Group Chief Executive Officer.

In addition to the inalienable and non-delegable duties, the full Board of Directors has retained responsibility, in particular, for:

a) preparing all topics that fall within the competence of the General Meeting (receiving support and advice from its Committees, such as the Audit Committee in matters of financial reporting, dividend proposals and other capital management issues);
b) deciding, based upon a recommendation from the Audit Committee, which external auditors to recommend for appointment by shareholders at the Annual General Meeting;
c) overall risk oversight and determining the risk management framework, the risk management and control principles and the risk capacity and capital management frameworks of the Group as well as policies for accounting, financial controlling and strategic financial planning;
d) approving any compensation plan within the Company which is linked to the shares of the Company;
e) succession planning relating to, and the appointment of, members of the Group Management Board, including the Group Chief Executive Officer; and
f) the appointment of the Head of Internal Audit.

The Board of Directors consists of five members, all of whom are non-executive members. The members and the Chairman of the Board of Directors and the members of the Compensation Committee are individually elected by the Annual General Meeting. In all other cases and instances where the office of the Chairman of the Board of Directors is vacant, or if there are vacancies on the Compensation Committee, the Board of Directors constitutes itself and elects from among its members the Chairman and the members of the Compensation Committee. From among its members, the Board of Directors elects the Chairmen and members of the Audit Committee and of the Governance and Nomination Committee.

The Board of Directors meets as often as business requires, but at least once per quarter, for on average approximately half a day. The presence of a majority of its members is necessary for resolutions to be passed, with the exception of decisions confirming and amending resolutions relating to capital increases where no such quorum is required. Resolutions are passed by an absolute majority of votes of members present. The members of the Board of Directors may also be present by telephone or electronic means. Resolutions of the Board of Directors may also be passed by way of written consent including by e-mail, provided that no member requests oral deliberation. In such cases, the text of written resolutions must be sent to all members and requires the consent of all members of the Board of Directors to be valid. In the case of a tied vote at meetings, the Chairman has the casting vote. The Board of Directors may assign the preparation and implementation of its resolutions or the supervision of business transactions to committees or individual members. It must make sure its members are suitably informed.

The Group Chief Executive Officer, Group Chief Financial Officer and Group General Counsel are regularly invited to participate in meetings of the full Board of Directors. The Board of Directors occasionally also invites other senior employees to attend meetings of the Board of Directors to present and discuss specific topics relating to, or affecting, the business of the Group. The Board of Directors regularly discusses the strategic direction of the Group. The purpose of these discussions is to analyse the positioning of the Group as well as to review and, if necessary, redefine the Company and the Group's strategic direction in light of the prevailing macroeconomic and Group-specific circumstances.

In order to gauge the effectiveness of its activities, the Board of Directors as a whole, as well as its Committees, carries out an annual self-assessment exercise. The aim is to review and assess what has been achieved relative to the objectives formulated at the beginning of the year. The results of the self-assessments carried out by the Board of Directors' committees are brought to the attention of the Governance and Nomination Committee.

During the year under review the full Board of Directors held 11 meetings.

Attendance of the members of the Board of Directors at the meetings of the Board of Directors was as follows:

January to December 2015

	Feb	Feb	Mar	Apr	May	Aug	Sep	Oct	Oct	Oct	Dec
Johannes A. de Gier	E	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Daniel Daeniker	✓	✓	✓	E	✓	✓	✓	✓	✓	✓	✓
Diego du Monceau	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dieter A. Enkelmann	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hugh Scott-Barrett	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tanja Weiher	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

E = Excused

The Committees of the Board of Directors

The responsibilities and members of the current committees of the Board of Directors are as follows:

Audit Committee

The Audit Committee operates in accordance with the Audit Committee Charter and the Organisational Rules of the Company.

The Audit Committee bases its work on recognised best practice standards for good corporate governance. Its primary responsibilities comprise the following:

a) reviewing and approving the Internal Audit plan on an annual basis and ensuring its harmonisation with the audit plan of the external auditors;
b) directing and monitoring the activities of the Internal Audit function including the approval of its budget and staffing;
c) evaluating the performance of the Head of Internal Audit. The Chairman of the Audit Committee determines the total compensation paid to the Head of Internal Audit in consultation with the Chairman of the Board of Directors and the members of the Audit Committee;
d) representing the Board of Directors in its relationship with the external auditors including by monitoring their performance and independence, their cooperation with the Internal Audit function, reviewing their reports (including any comprehensive reports of the external auditors) and providing a recommendation to the full Board of Directors regarding election of the external auditors at the Annual General Meeting;
e) ensuring the integrity of controls for financial reporting and for the review of financial statements, including the annual financial statements and any interim statements, before they are presented to the full Board of Directors for approval;
f) ensuring compliance with the principles of fair and transparent public communication of financial information;
g) monitoring and evaluating risk, the applied standards and methodologies for risk control and the review of risk reports;
h) regular examination of the appropriateness and effectiveness of the internal control systems, taking into account the risk profile of the Group; and
i) monitoring compliance with applicable laws and regulations as well as internal policies and procedures, including via the receipt of regular reporting.

The Audit Committee consists of three non-executive members. It convenes at least four times a year, at least once per quarter, for on average approximately half a day. The Head of Internal Audit and representatives of the external auditors, as well as the Group Chief Financial Officer, the Group General Counsel and the Group Head of Risk & Governance, participate at every regular quarterly meeting. The Audit Committee may seek independent advice as deemed necessary. During the year under review the Audit Committee held six meetings, as well as one joint meeting with the Compensation Committee. All members of the Audit Committee participated at all the meetings. The members of the Audit Committee are expected to have knowledge in the fields of finance and accounting. The Audit Committee reports back to the full Board of Directors on its current activities and on any significant issues of which it becomes aware. The Audit Committee reviews its performance and objectives every year.

Members: Hugh Scott-Barrett (Chairman), Diego du Monceau and Tanja Weiher.

Compensation Committee

The Compensation Committee operates in accordance with the Articles of Incorporation, the Compensation Committee Charter and the Organisational Rules of the Company.

The Compensation Committee supports the Board of Directors in establishing and reviewing the compensation strategy and guidelines and in preparing the proposals to the Annual General Meeting of shareholders of GAM Holding AG regarding the compensation of the Board of Directors and the Group Management Board. Its primary responsibilities comprise the following:

a) reviewing and proposing for approval to the Board of Directors any change to the Group Compensation Policy;
b) reviewing and implementing any compensation plan applicable to the Group as a whole and any compensation plan within the Group that is linked to the shares of, or options over shares of, the Company;
c) preparing the compensation report and the proposals of the Board of Directors to the Annual General Meeting regarding the maximum aggregate amounts of compensation of the Board of Directors and the Group Management Board;
d) determining the total compensation of the Chairman of the Board of Directors as well as of the Group Management Board, including its Group Chief Executive Officer;
e) preparing and providing to the Board of Directors compensation proposals relating to the members of the Board of Directors (other than its Chairman);
f) approving the aggregate, variable compensation expenditure of the Group and reviewing individual compensation levels of members of the Group receiving a total compensation of more than CHF 1 million;
g) reviewing and approving any non-standard contracts of employment and termination agreements for members of the Board of Directors and the Group Management Board;
h) overseeing and advising the Board of Directors with respect to the compensation reporting to shareholders; and
i) evaluating the performance of the Group Chief Executive Officer, including reviewing the performance evaluation conducted by the Group Chief Executive Officer of members of the Group Management Board, in meeting agreed goals and objectives.

The Compensation Committee consists of three non-executive members. The Compensation Committee convenes as often as necessary, at least once in each half-year, for about two hours on average. The Group Head of Human Resources regularly participates at the Committee's meetings. During the year under review the Compensation Committee held six meetings. All members of the Compensation Committee participated at all the meetings. The Compensation Committee can seek independent advice as deemed necessary. The Compensation Committee reports back to the full Board of Directors on its current activities and on any significant issues of which it becomes aware. The Compensation Committee reviews its performance and objectives every year.

Members: Diego du Monceau (Chairman), Daniel Daeniker and Johannes A. de Gier.

Changes in the Compensation Committee

With Dieter A. Enkelmann's decision not to stand for re-election at the Annual General Meeting on 30 April 2015, Diego du Monceau, who has served as a member of the Compensation Committee since April 2013, took up the role of Chairman of the Compensation Committee. At the Annual General Meeting on 30 April 2015, Johannes A. de Gier was newly elected for a one year term of office as a member of the Compensation Committee.

Governance and Nomination Committee

The Governance and Nomination Committee operates in accordance with the Governance and Nomination Committee Charter and the Organisational Rules of the Company.

The Governance and Nomination Committee's primary responsibilities comprise the following:

a) assisting in the long-term succession planning at the level of the Board of Directors and of the Group Chief Executive Officer;
b) assessing and making preliminary selections of candidates as potential new members of the Board of Directors, as well as preparing election recommendations of the Board of Directors for the General Meeting;
c) reviewing the appropriateness of continued service on the Board of Directors by members whose circumstances have changed;
d) overseeing the orientation process for newly elected members of the Board of Directors and assessing the adequacy of, and need for, continuing director education programmes;
e) coordinating the regular evaluation of the Board of Directors and its Committees to determine whether they are functioning effectively and meeting their objectives;
f) reviewing proposals by the Group Chief Executive Officer for appointments and any changes to the membership of the Group Management Board and making recommendations to the Board of Directors regarding such appointments;
g) overseeing the number of board mandates outside the Group held by members of the Board of Directors and Group Management Board;
h) making recommendations to the Board of Directors regarding the adequacy of the Group's policies governing employee conduct and business practices, as well as the implementation and monitoring of compliance with such policies; and
i) overseeing that the Group has adequate systems and procedures for the education, development, performance review and orderly succession of senior executives.

The Governance and Nomination Committee consists of three non-executive members. The Governance and Nomination Committee convenes as often as necessary, at least once in each half-year, for about two hours on average. During the year under review the Governance and Nomination Committee held two meetings. All members of the Governance and Nomination Committee participated at all the meetings. The Governance and Nomination Committee can seek independent advice as deemed necessary. The Governance and Nomination Committee reports back to the full Board of Directors on its current activities and on any significant issues of which it becomes aware. The Governance and Nomination Committee reviews its performance and objectives every year.

Members: Johannes A. de Gier (Chairman), Daniel Daeniker and Tanja Weiher.

3.5 Group Management Board

The Group Management Board is presided over by the Group Chief Executive Officer, who is responsible, in particular, for formulating, developing and implementing the overall strategy for the Group, as approved by the Board of Directors, for establishing the organisation of the Group Management Board itself, for overseeing the management of the Group, for representing the Group Management Board in its relationship with the Board of Directors and third parties, and for succession planning at the level of the Group Management Board.

Except where delegated by the Board of Directors to the Group Chief Executive Officer, and under the leadership of the Group Chief Executive Officer, the Group Management Board is delegated with ultimate responsibility for all of the day-to-day activities of the Group, including such activities which have been assigned or delegated by the Group Management Board. The Group Chief Executive Officer has an overriding right to information concerning, and the right to examine, all business issues within the Group. The Group Chief Executive Officer has the power to override any decisions taken by the Group Management Board, notifying the Chairman of the Board of Directors of any exercise of such power.

3.6 Information and control instruments regarding the Group Management Board

The Board of Directors supervises and controls the Group Management Board through various control tools and processes. The Group Chief Executive Officer is responsible for ensuring an appropriate information flow to the Board of Directors and its Chairman, including by the provision of regular management reports. The Group Chief Executive Officer, Group Chief Financial Officer and Group General Counsel report to the Board of Directors on a regular basis on their current activities, business performance, financial data, major risks and/or other material and significant issues or developments as they arise. Furthermore, the Group Chief Executive Officer, Group Chief Financial Officer and Group General Counsel are regularly invited to participate at meetings of the full Board of Directors, and the Group Chief Financial Officer and Group General Counsel at meetings of the Audit Committee, as well as the Group Chief Executive Officer and/or Group General Counsel, from time to time, at meetings of the Governance and Nomination Committee and the Compensation Committee, in order to support those bodies in their decision-making processes and provide regular reporting on the day-to-day activities and risks facing the Company, and on their oversight of the operating businesses.

The Board of Directors is responsible for the appointment and removal of, and its Compensation Committee for the performance evaluation/review and compensation of, the members of the Group Management Board.

Internal Audit supports the Board of Directors and its Committees in discharging their governance responsibilities. For more information on Internal Audit, see section 7.4 below.

4. SENIOR MANAGEMENT

4.1 Members of the Group Management Board

Alexander S. Friedman, Group Chief Executive Officer
Alexander S. Friedman was appointed the Group Chief Executive Officer and became Chairman of the Group Management Board of GAM Holding AG in September 2014. Prior to joining the Group, Alexander Friedman served as the Global Chief Investment Officer of UBS Wealth Management and Wealth Management Americas, as Chairman of the UBS Global Investment Committee and as a group Managing Director. Before that, he was the Chief Financial Officer of the Bill & Melinda Gates Foundation. Alexander Friedman was a senior advisor to Lazard, a member of the supervisory board of private equity firm Actis, and managed Asymmetry, a private investment firm. In addition, he was a White House Fellow in the Clinton administration and an assistant to the US Secretary of Defense. He is a board member of several non-profit organisations and a member of the Council on Foreign Relations. Alexander Friedman holds a Juris Doctor from Columbia University School of Law, an MBA from Columbia University Business School and a BA from Princeton University. He was born in 1970 and is a US citizen.

Richard McNamara, Group Chief Financial Officer
Richard McNamara was appointed Group Chief Financial Officer and became a member of GAM Holding AG's Group Management Board on 1 October 2015. Prior to joining the Group, Richard McNamara was Managing Director, Finance, at Henderson Group, a role he held since 2013. He joined Henderson in 2009 as Head of Group Finance, focusing on the finance's and financial operations of the Group, including its M&A activity. In December 2013, he took on the new responsibility for Finance and Treasury, Tax, Investor Relations, Facilities and Procurement. Prior to his roles at Henderson Group, Richard McNamara held senior finance roles at Western Asset Management, Legg Mason and Citigroup Asset Management. Richard McNamara is a Chartered Accountant and holds a BA (Hons) in Finance and Accounting from Brighton University. He started his career at PricewaterhouseCoopers where he was a Senior Manager in the Investment Management industry group. Richard McNamara was born in 1968 and is a British citizen.

Scott Sullivan, Group General Counsel and Region Head Asia Pacific
Scott Sullivan was appointed Group General Counsel and became a member of GAM Holding AG's Group Management Board (then called Executive Board) in 2009, following the separation of the Company from the Julius Baer Group. In addition, during 2015 he assumed responsibility for the Risk and Governance and the Human Resource functions of the Group and was appointed Region Head Asia Pacific. Prior to the Company's separation from the Julius Baer Group in 2009, Scott Sullivan held several senior positions within the Julius Baer Group including Group General Counsel and member of the Executive Board of Julius Baer Holding Ltd. Between 2000 and 2005 (when he joined GAM), Scott Sullivan worked for Deutsche Bank in London where he was responsible for the legal function within the asset management, private wealth management, trust and security services and offshore businesses. Before joining Deutsche Bank and after his admission to the bar in England and Wales in 1991, Scott Sullivan practised as a barrister in London. He was born in 1968 and is a British citizen.

Craig Wallis, Group Head of Distribution and Operations
Craig Wallis became a member of GAM Holding AG's Group Management Board in April 2013, with responsibility for the Group's Distribution and Operations functions. Prior to that, he was Group Head of Distribution and Marketing and before that, he was Global Head of Institutional and Fund Distribution of GAM, overseeing all aspects of its institutional and mutual fund businesses globally including client acquisition, servicing, reporting and product specification. Craig Wallis's previous positions with GAM included responsibility for GAM's fund operations and the role of managing director of GAM Fund Management Limited. Before joining GAM in 1997, he held senior financial and business development positions with M W Marshall and NatWest Markets in London. Craig Wallis qualified as a Chartered Accountant with Peat Marwick in 1988 and holds a BSc (Hons) in Economics and Accounting from Southampton University. Craig Wallis was born in 1962 and is a British citizen.

Larissa Alghisi Rubner, Group Head of Communications

Larissa Alghisi Rubner joined GAM Holding AG as Group Head of Communications in 2010, and was appointed to the Group Management Board on 30 June 2015. Prior to joining the Group, she worked at UBS where she held senior roles in corporate communications, including global responsibility for the bank's issues management, the leadership of worldwide internal communications and of the financial communication team. Before joining UBS in 1999 as a media relations officer and press spokesperson, she was a management consultant at Accenture. Larissa Alghisi Rubner holds an MBA from the University of St. Gallen (HSG). She was born in 1970 and is a Swiss / Italian citizen.

Andrew Hanges, Region Head UK

Andrew Hanges became a member of GAM Holding AG's Group Management Board in April 2013. He is Region Head UK. Until March 2015 he was also responsible for the Operations function of GAM. Prior to joining GAM in February 1997 as Head of Operations, he was Area President of First Union National Bank and previously Executive Vice President of First Fidelity Bank Corporation of New Jersey until it was acquired by First Union in December 1995. Before that, he was Director of Operations at Midland Bank plc in London. Andrew Hanges holds a BSc in Management and International Business from New York University, and an MBA from the University of Southern California. Andrew Hanges was born in 1949 and is a US / British citizen.

Martin Jufer, Region Head Continental Europe

Martin Jufer became a member of GAM Holding AG's Group Management Board in April 2013. Since June 2015, he is Region Head Continental Europe. From April 2013 to March 2015, Martin Jufer was responsible for the Operations function of the Group's Continental Europe business. Prior to that, he was Chief Operating Officer and Head of Products & Services of Swiss & Global Asset Management (formerly Julius Baer Asset Management). Martin Jufer joined Julius Baer Asset Management as an investment controller in 1996 and subsequently became responsible for fund administration, middle office and IT. Before joining Julius Baer, he worked as an auditor with Ernst & Young in Zurich. He holds an MBA from the University of St. Gallen (HSG) and a Swiss Federal Diploma for Financial Analysts and Portfolio Managers. He is also a Certified European Financial Analyst (CEFA) and a US Certified Public Accountant (CPA). Martin Jufer was born in 1968 and is a Swiss citizen.

Changes in Senior Management

With effect from 1 October 2015, Richard McNamara became a new member of the Group Management Board and assumed the role of Group Chief Financial Officer. From 16 January 2013 until 30 September 2015, Marco Suter acted as Group Chief Financial Officer. With effect from 30 June 2015, Larissa Alghisi Rubner became a new member of the Group Management Board. On 30 June 2015, Michele Porro decided to leave the Group and stepped down as member of the Group Management Board with immediate effect.

Larry Hatheway, Group Chief Economist and Group Head of Multi Asset Portfolio Solutions, and Tim Dana, Group Head of Corporate Development, will join the Group Management Board on 1 May 2016, subject to customary regulatory approval. Larry Hatheway and Tim Dana both joined the Group in late 2015. Andrew Hanges, Region Head UK, will step down from the Group Management Board on the same date and focus on his work as a board member of various investment funds and regulated entities within the Group.

4.2 Activities and functions of Board Members outside the Group

In applying the Corporate Governance Directive of the SIX Swiss Exchange and as set forth in Article 13 of the Articles of Incorporation, which can be found at www.gam.com/aoi2015, we disclose mandates and interest ties of the members of the Group Management Board outside the Group:

Alexander S. Friedman
Member of the Board of Directors of Social Finance Inc., USA (a non-profit public benefit corporation) (non-listed entity)
Member of the Board of Directors of Give2Asia, USA (a non-profit public benefit corporation) (non-listed entity)
Advisor of Maveron LLC, USA (non-listed entity)

Richard McNamara
None

Scott Sullivan
Member of the Board of Directors of an investment fund domiciled in Luxembourg, which is not controlled but managed by a subsidiary of GAM Holding AG (non-listed entity)

Craig Wallis
None

Larissa Alghisi Rubner
None

Martin Jufer
Member of the Board of Directors of the Swiss Funds & Asset Management Association SFAMA, Switzerland (non-listed entity)
Member of the Board of Directors of various investment funds domiciled in Luxembourg, which are not controlled but managed by subsidiaries of GAM Holding AG (listed and non-listed entities)

Andrew Hanges
Member of the Board of Directors of various investment funds domiciled in Luxembourg, Ireland, the Cayman Islands, or the British Virgin Islands, which are not controlled but managed by subsidiaries of GAM Holding AG (listed and non-listed entities)

4.3 Management contracts

There are no management contracts between GAM Holding AG and companies (or individuals) outside the Group.

5. SHAREHOLDERS' PARTICIPATION RIGHTS

5.1 Voting-rights restrictions and representation

In relation to the Company, any person entered in the share register shall be deemed to be a shareholder. Shareholders may represent their shares themselves or have them represented by a third party or the Independent Representative at the General Meeting. The Independent Representative is elected by the General Meeting for a term of office until the next Annual General Meeting. Their term of office expires after completion of the Annual General Meeting. Re-election is possible. If the Company does not have an Independent Representative, the Board of Directors appoints the Independent Representative for the next General Meeting.

The Board of Directors offers shareholders the possibility to authorise and give their instructions to the Independent Representative electronically. Shareholders may do so by accessing the website stated in the invitation to, and the registration form for, the General Meeting, and then following the guidance that is displayed on their computer screen. In addition to internet access, an e-mail address and a mobile telephone that can receive a code by text message are required. Shareholders receive their personal data for accessing this website with the registration form. The invitation to, and the registration form for, a General Meeting state the deadline until when instructions can be electronically given to the Independent Representative.

The 2015 Annual General Meeting elected Mr Tobias Rohner, attorney-at-law, Bellerivestrasse 201, 8034 Zurich, Switzerland, as Independent Representative for a term of office until the end of the 2016 Annual General Meeting.

There are no voting-rights restrictions. Each share entitles its holder to one vote.

5.2 Statutory quorums

Except where otherwise required by mandatory law and/or by Article 8.14 of the Articles of Incorporation (which can be found at www.gam.com/aoi2015), all resolutions of the General Meeting are passed by an absolute majority of the votes cast, excluding blank or invalid ballots.

5.3 Convocation of the General Meeting

The convocation of the General Meeting complies with applicable legal regulations. The convocation of a General Meeting may also be requested by one or more shareholders who together represent at least 10% of the share capital. The Board of Directors must convene the requested General Meeting within six weeks of receiving the request.

5.4 Agenda

Shareholders who represent shares of a nominal value of CHF 100,000 may demand that matters be put on the agenda. Such requests must be submitted to the Company at least six weeks before the date of the respective General Meeting. The request to convene a meeting and to put a matter on the agenda must be in writing, and include full details of the proposals.

5.5 Registrations in the share register

In the invitation to a General Meeting, the Board of Directors states the applicable record date by which shareholders must be registered in the share register in order to be eligible to participate and vote at the meeting. Nimbus AG, Ziegelbrueckstrasse 82, 8866 Ziegelbruecke, Switzerland, administrates the Company's share register.

6. CHANGE OF CONTROL AND DEFENCE MEASURES

6.1 Duty to make an offer

According to the Swiss Stock Exchanges and Securities Trading Act (as per 1 January 2016 according to the Financial Markets Infrastructure Act), an investor who acquires more than 33 1/3% of all voting rights, either directly, indirectly or in concert with a third party, and whether the rights are exercisable or not, has to submit a take-over offer for all shares outstanding. GAM Holding AG has not applied to opt out of, or to increase, the percentage threshold applicable to this obligation.

6.2 Clauses on change of control

There are no provisions on change of control benefiting the members of the Board of Directors and/or the Group Management Board under their mandates or contracts of employment.

7. AUDITORS

7.1 Duration of mandate and term of office of Lead Auditor

In accordance with the Articles of Incorporation, the external auditor must be elected at each Annual General Meeting for a term of office of one year. KPMG AG has been the statutory auditor of the Company since the Annual General Meeting on 12 April 2006. Philipp Rickert has served as the Lead Auditor since 2010. The Lead Auditor may hold this engagement for a maximum of seven consecutive years, but may resume the engagement after a break of three years.

7.2 External auditing and additional fees

Services provided by KPMG AG to the Group comprise auditing and non-auditing services, the latter consisting of audit-related services, tax services and other services.

Auditing services include work performed to issue opinions on the parent company's and consolidated financial statements, to issue opinions relating to the effectiveness of the Group's internal control system over the financial reporting, and to issue reports on statutory financial statements of subsidiaries of GAM Holding AG. Also included is work that generally can only be performed by the statutory auditor.

Audit-related services include those other assurance services provided by the independent auditor but not restricted to those that can only be provided by the statutory auditor. Tax services represent tax compliance and other tax-related services. And other services include mainly services in connection with human resources-related matters.

The Group paid KPMG AG fees for auditing services totalling CHF 1.7 million in the 2015 financial year (CHF 1.7 million in the 2014 financial year). For non-auditing services, the Group paid KPMG AG fees totalling CHF 0.2 million in the 2015 financial year (CHF 0.2 million in the 2014 financial year), whereof CHF 0.1 million for audit-related services (CHF 0.1 million in the 2014 financial year) and CHF 0.1 million for tax services (CHF 0.1 million in the 2014 financial year).

In addition, KPMG AG received CHF 2.6 million (whereof CHF 2.5 million fees for auditing services) in the 2015 financial year (CHF 2.4 million in the 2014 financial year) for services performed on behalf of, and for, investment funds managed by subsidiaries of GAM Holding AG. According to the Swiss collective investment scheme law, fund management companies and the investment funds managed by them must appoint the same statutory auditor.

7.3 Supervisory and control instruments regarding the external auditor

The Audit Committee of the Board of Directors pre-approves the fee amounts for services rendered by KPMG AG to the Group in order to ensure their independence. As to non-audit work related services rendered by KPMG AG to the Group, such pre-approval is granted by means of an annual budget approved by the Audit Committee to the Group Chief Financial Officer. The Audit Committee then receives regular updates from the Group Chief Financial Officer on KPMG AG's activities for the Group and the related incurred year-to-date fees. Any use of KPMG AG by the Group for non-audit work is overseen by the Audit Committee and coordinated by the Group Chief Financial Officer.

Furthermore, the Audit Committee confers regularly with the Lead Auditor of KPMG AG about the effectiveness of the internal control systems in view of the risk profile of the Group. In addition, it reviews the scope of the auditing work, the quality of the work and the independence of the external auditors. The external auditors have direct access to the Audit Committee at all times and participate at every regular quarterly meeting of the Audit Committee.

7.4 Internal Audit

The Internal Audit function provides independent, objective assurance and advisory services to the Board of Directors, the Audit Committee and the Group Management Board. It carries out operational and system audits in accordance with a risk-based Internal Audit plan and assists the organisation in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Internal Audit plan, which consists of a work schedule as well as budget and resource requirements for the next audit cycle (1 January to 31 December of each calendar year), is at least annually submitted by the Head of Internal Audit to the Group Management Board (for its review) and to the Audit Committee (for its approval), and is developed based on a prioritisation of the audit universe using a risk-based methodology, including input from senior executives within the Group, the Group Management Board, the Board of Directors and the external auditors. In addition to the approved Internal Audit plan, the Chairman of the Board of Directors or the Chairman of the Audit Committee may instruct Internal Audit to carry out special assignments. Furthermore, members of the Group Management Board may ask Internal Audit for assistance in carrying out special assignments after consultation with the Chairman of the Board of Directors or the Chairman of the Audit Committee.

The Head of Internal Audit reports to the Chairman of the Audit Committee, but is expected to have regular and unrestricted access to the Chairman of the Board of Directors. In addition, the Head of Internal Audit is expected to provide regular reporting on the activities of the Internal Audit function to the Audit Committee and is a participant at the regular quarterly meetings of the Audit Committee. The Audit Committee regularly reviews the independence, activities and results of Internal Audit. The Audit Committee also evaluates the performance of the Head of Internal Audit. The Chairman of the Audit Committee determines the total compensation paid to the Head of Internal Audit in consultation with the Chairman of the Board of Directors and the members of the Audit Committee.

8. INFORMATION POLICY

GAM Holding AG provides regular information to its shareholders and the public each year by means of the Annual Report as well as a half-year report. Its current policy is additionally to provide voluntary Interim Management Statements twice each year, covering material developments between the publication of the annual and half-year results and the date of such statements. Additional ad-hoc publications will be made where they are considered appropriate or where required under applicable law or regulation. Published materials are available to the public in electronic form (subscription to GAM Holding AG's news alert for corporate information and ad-hoc publications is possible under www.gam.com/news-alert-subscription) as well as in print form from the address mentioned in section 8.2 below.

8.1 Corporate Calendar

20 April 2016	Interim Management Statement
27 April 2016	Annual General Meeting, Zurich
3 August 2016	Release of half-year results
20 October 2016	Interim Management Statement

8.2 Contacts

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Further information
Our website provides further information on GAM Holding AG, including share price data, details of our share buy-back programme, media releases, historical annual reports and an events calendar.

www.gam.com

COMPENSATION REPORT

Dear Reader

As Chairman of the Compensation Committee of the Board of Directors of GAM Holding AG (the Company), it is my pleasure to present on behalf of the Board of Directors the 2015 Compensation Report.

As our Annual Report makes clear, 2015 has been a transformational year. The Compensation Committee too has experienced change with Dieter Enkelmann, its former Chairman, having stepped down from the Board of Directors at the 2015 Annual General Meeting (AGM). I have endeavoured to continue Dieter's excellent work and, on behalf of my colleagues, wish to thank him for his invaluable stewardship of the Compensation Committee since the Company's independent listing in 2009.

GAM has continued to develop its compensation governance during 2015. The Compensation Committee met six times during 2015, with three meetings held in the latter half of the year, much of which were spent reviewing and refining the Group's compensation framework.

Any company's compensation architecture needs to continue to evolve to meet legal and regulatory requirements, the commercial challenges which the company faces and, importantly, the legitimate expectations of its shareholders. In carrying out our review of the Group's compensation framework we sought the views of our largest shareholders and certain proxy advisors, many of whom provided us with valuable feedback.

I am very grateful to those who contributed to our review and therefore helped to shape the Group's compensation framework and our 2015 Compensation Report. In particular, we were challenged to better articulate how performance of the executive management/Group Management Board and the Company is linked to individual compensation, and how the compensation structure supports the creation of lasting shareholder value, the fulfilment of our promise to our clients, and yet also attracts, retains and motivates our executives. I hope that this 2015 Compensation Report meets that challenge.

As noted above, the development of the mechanics through which to deliver on a company's compensation principles is an on-going process. We have taken immediate steps following our 2015 review. These include aligning the structure of the Group Management Board's annual short-term compensation mix, strengthening the performance measurements that apply to the variable component of that body's compensation and increasing the transparency of how this links to individual levels of compensation.

To further strengthen the alignment between our shareholders and staff, in the second half of 2016 we intend to introduce an all employee share plan designed to encourage share ownership across the Group. Looking further ahead, our intention is to introduce a long-term incentive plan for senior management, thereby aligning recipients' long-term performance targets and compensation with our objective to provide sustainable value and growth for our shareholders. Rest assured, any such plans will be appropriately scaled and accounted for in order to ensure an appropriate balance between our ever-present discipline on expenditure and the delivery of our strategic goals.

Finally, as in 2014, this year the Board of Directors has again chosen to place the Compensation Report for a consultative vote by the Company's shareholders. By this voluntary step, we continue the valuable dialogue between the Company, its Board of Directors and you, our shareholders, on this important topic.

Yours sincerely,

Diego du Monceau
Chairman of the Compensation Committee

1. COMPENSATION PRINCIPLES

The Group's compensation framework is designed to attract, retain and motivate the talent the Group needs to succeed in its strategic goals as well as to create a tangible link between performance and pay. Through a mix of fixed and variable components, the framework aims to promote long-term, sustainable performance by encouraging employees to focus on delivering outstanding results through appropriate and controlled risk taking.

The principles of our compensation framework are:

Clarity and simplicity	Compensation programmes are straightforward, clearly structured and transparent.
Pay for performance	Compensation is linked to the Group's business results, as well as to the individual's professional skills, expertise and contribution.
Alignment with shareholders' interests	The long-term interests of management and shareholders are aligned through the use of equity-linked instruments and share-based deferrals as a component of variable compensation.
Incentivise sound risk management	A well-balanced mix of fixed and variable compensation is combined with design features, including deferrals, as well as clawback and malus provisions, to encourage sustainable performance and sound risk management.

2. COMPENSATION AUTHORITIES – OVERVIEW

The internal bodies and individuals with responsibility for compensation matters are summarised in the following table. Under this framework, which was effective for the financial year 2015, ultimate responsibility for compensation matters is reserved to the Board of Directors. The Board of Directors, supported by its Compensation Committee, determines the level of financial resources to be made available for employee compensation.

2.1 Compensation responsibilities

	Group CEO	Compensation Committee	Board of Directors	Annual General Meeting
Definition of the Group Compensation Policy and any share-based compensation schemes	Proposal	Proposal	Approval	
Maximum aggregate amount of annual fixed compensation for members of the Board of Directors		Proposal	Approval	Binding Vote
Maximum aggregate amount of annual fixed compensation for members of the Group Management Board		Proposal	Approval	Binding Vote
Maximum aggregate amount of annual variable compensation for members of the Group Management Board		Proposal	Approval	Binding Vote
Annual total compensation for Chairman of the Board of Directors		Decision		
Annual total compensation for members of the Board of Directors (other than the Chairman)		Proposal	Approval	
Annual total compensation for Group CEO		Decision		
Annual total compensation for each member of the Group Management Board (other than the Group CEO)	Proposal	Approval		
Compensation Report		Proposal	Approval	Consultative vote

2.2 Board of Directors

The Board of Directors has established and implemented a Group Compensation Policy which reflects the Group's overall approach to compensation. The Group Compensation Policy is designed to support the strategic development and profitability of the Group as well as to reflect applicable regulatory requirements, and general market practice. The Group Compensation Policy contains standards for the determination of compensation for all our employees, including the Group Management Board members. With the support of the Group Head of Human Resources and the Compensation Committee, the Board of Directors regularly reviews the Group Compensation Policy in order to address any applicable regulatory developments and the objectives of the Group.

2.3 Compensation Committee

Through to April 2015, the members of the Compensation Committee consisted of three non-executive members of the Board of Directors: Dieter Enkelmann (Chairman), Daniel Daeniker, and Diego du Monceau. At the 2015 AGM, Diego du Monceau and Daniel Daeniker were elected as members of the Compensation Committee, and, following Dieter Enkelmann's decision not to stand for re-election to the Board of Directors, Johannes A. de Gier was elected as a new member. The Board of Directors subsequently appointed Diego du Monceau as Chairman of the Compensation Committee.

The Compensation Committee supports the Board of Directors and oversees each stage of the compensation process at four scheduled meetings throughout the year and may hold ad-hoc meetings as required. The topics discussed at these regular meetings are noted below. During 2015, the Compensation Committee met six times.

Meeting	Topics discussed
January	Approval of total expenditure across the Group for variable compensation
	Determination of compensation to be paid to Group CEO
	Approval of compensation to be paid to each member of the Group Management Board (other than Group CEO)
	Review of individual compensation payments for senior executives outside the Group Management Board
February	Determination of Board of Directors' total aggregate fixed compensation proposal to be submitted to the AGM for a binding vote
	Determination of compensation to be paid to Chairman of the Board of Directors (assuming approval of total aggregate fixed compensation proposed to AGM)
	Determination of Group Management Board's total aggregate fixed and aggregate variable compensation proposals, to be submitted to the AGM for a binding vote
	Final review and approval of the Compensation Report
September	Annual review of the Group Compensation Policy and share-based compensation plans
December	Initial review and provision of guidance for Group-wide compensation proposals

2.4 Group Chief Executive Officer

The Group CEO, supported by the Group Head of Human Resources, submits proposals to the Compensation Committee for their approval. The proposals include, among other things, the total discretionary bonus pool for all employees across the Group and variable compensation to be paid for the other members of the Group Management Board (within the limits previously approved by the shareholders).

Before proposing levels of variable compensation for the other members of the Group Management Board, the Group CEO evaluates their individual performance and contribution against criteria determined by the Group CEO and approved by the Compensation Committee (see further below).

For all other employees, the Group CEO supported by the Group Head of Human Resources develops guidelines based on the Group's business results and development during the relevant period. Then, sub-pools of the approved total discretionary bonus pool are allocated to the various business functions and teams. Subsequently manager proposals for the awards of annual discretionary bonuses are reviewed by the Group CEO in order to ensure distribution has been fair and aligned with individual contribution and performance. Approval of the Group CEO is required for any individual employee with total compensation exceeding CHF 500,000.

2.5 Shareholder involvement

In accordance with the Swiss Ordinance against Excessive Compensation in Listed Stock Companies (the “Ordinance”), at the 2015 AGM shareholders approved several changes to the Articles of Incorporation proposed by the Board of Directors, including the following provisions on compensation:

- **Elections to the Compensation Committee of the Board of Directors:** The members of the Compensation Committee shall be individually elected by the shareholder’s meeting, each for a term of office lasting until the end of the next AGM. At the 2015 AGM, the shareholders elected Johannes A. de Gier, Diego du Monceau and Daniel Daeniker as members of the Compensation Committee of the Board of Directors.

- **Approval of the compensation of the Board of Directors:** The shareholder’s meeting shall approve a maximum aggregate amount of compensation of the Board of Directors for the period until the next AGM. At the 2015 AGM the shareholders approved the amount of CHF 2,500,000 for the period AGM 2015 to AGM 2016.

- **Approval of the fixed compensation of the Group Management Board:** The shareholder’s meeting shall approve a maximum aggregate amount fixed compensation for the executive management/Group Management Board for the then current financial year. At the 2015 AGM the shareholders approved the amount of CHF 8,000,000 for the 2015 financial year.

- **Approval of the variable compensation of the Group Management Board:** The shareholder’s meeting shall approve a maximum aggregate amount of variable compensation for the executive management/Group Management Board for the then current financial year. At the 2015 AGM the shareholders approved the amount of CHF 13,000,000 for the 2015 financial year.

In proposing these changes to the Articles of Incorporation, the Board of Directors expressed the view that obtaining prospective approval of maximum compensation levels and separating the approval of fixed and variable executive compensation would achieve the appropriate balance between certainty for the Company and its executives and shareholder accountability.

At the 2016 AGM the shareholders will again be asked to approve maximum fixed and variable levels of compensation on this basis. In addition to these binding votes on the maximum compensation levels, the shareholders will again be offered a consultative vote on the compensation report.

In the payment of both fixed and variable compensation to the Group Management Board for 2015, the Compensation Committee fully complied with the levels approved by shareholders. Out of the maximum amount of CHF 8,000,000 for fixed compensation, CHF 7,065,701 was paid, representing 88% of the available total. Out of the maximum amount of CHF 13,000,000 for variable compensation, CHF 9,792,856 was paid, representing 75% of the available total and consistent with the commitment communicated in the 2014 Compensation Report to keep the level of variable compensation below 5% of the Group’s underlying pre-tax profit.

3. EMPLOYEE COMPENSATION OVERVIEW AND COMPONENTS

The Group's total compensation approach comprises fixed and variable compensation. Fixed compensation includes base salary, which reflects seniority, experience, skills and market conditions, together with fixed allowances for certain employees in Switzerland consistent with customary local practice. Variable compensation is awarded annually and is dependent on Group, business area, and individual performance. The percentage mix between fixed and variable compensation varies according to the employee's seniority and function. Variable compensation for 2015 was awarded in the form of unrestricted cash, and share-based awards.

Elements	Eligibility	Purpose	Instruments and Performance Assessment
Base salary	All employees	Fixed annual income	Cash
Benefits	All employees	To promote employees' well-being in and out of the workplace and to assist with their financial security	Cash or benefits in kind
Variable cash bonus	All employees	Incentivise and reward individual contribution to the Group's overall success and encourage compliance with Group's risk profile	Upfront cash
Restricted share award	Group Management Board	Risk-adjusted alignment with shareholder interests	Restricted shares vesting linearly over three years KPIs are tailored to the employee's performance, role and responsibilities

3.1 Base salary

All employees are paid a base salary. Salary levels are based on the skills, qualifications and relevant experience of the individual, the responsibilities required by the role and external market factors. Base salaries are regularly reviewed in an effort to ensure that our salaries remain competitive.

3.2 Benefits

Benefits are provided to promote employee well-being both in and out of the workplace and to assist with their financial security. Employee benefits vary depending on local market conditions.

3.3 Variable compensation

3.3.1 Discretionary bonus

All employees, except for certain employees that participate in a formula-based incentive plan, are considered for a discretionary bonus. The discretionary bonus pool is approved by the Compensation Committee and principally depends on the Group's financial performance over the previous financial year, with individual payments reflecting an employee's performance against defined objectives. The discretionary pool includes the amount for distribution to members of the Group Management Board, subject to the aggregate maximum cap approved at the Group's previous AGM. The overall pool for discretionary bonuses is based upon the Group's operating performance, its financial strength, its prospects for future profitability, and the competitive landscape. Given the nature of the Group's business, underlying pre-tax profit is considered to be the single most important metric in determining the size of the overall discretionary bonus pool. Underlying pre-tax profit reflects the Group's ability to maintain its profitability, raise and retain client assets, effectively manage its cost base and therefore, provide attractive shareholder returns. The Group has defined underlying pre-tax profit (see page 33 for more details) to exclude items which are non-recurring in nature or are acquisition-related, thereby providing an appropriate measurement of the Group's underlying financial performance.

On an individual level, outstanding contributors will always receive higher awards, while underperformance will result in reduced bonuses or lead to no bonus being paid. In setting individual bonus awards, Group Human Resources consults with the Group's Risk and Compliance functions to receive input on the risk profile of specific business areas and to take into account any concerns expressed on the conduct of individual employees.

The annual appraisal process is used to evaluate and measure an employee's performance against defined objectives, which are required to be specific, measurable, achievable, realistic and time-bound. Employees agree on their annual objectives with their line manager at the start of each calendar year and can potentially apply a weighting to individual objectives. While some objectives may be standardised within certain functions, most are tailored to the individual employee's role and responsibilities. For control functions, such as Compliance, Risk, Audit and Finance, bonus payments are not directly linked to the profitability of the business areas that they support so as to maximise the independence of such functions.

3.3.2 Formula bonus

In certain of our core markets and for certain product types it is common for investment management firms to determine part or all of any bonus to be paid to an investment manager or a member of its sales and distribution team based upon an agreed formula.

- Investment management
  Our investment management formula bonuses are defined on a team basis. The achievements of an investment team determine its available bonus pool, which is then allocated amongst the team members, based on individual contribution, as determined by the team head in consultation with the Group CEO.

  The investment management formula bonuses are calculated based upon the actual applicable management fee income and performance fee income, if any, generated and actually received.

- Sales and distribution
  In select markets we incentivise teams responsible for distribution activities with formula bonus arrangements. The formula bonus may form a part of these teams' total variable compensation and is typically based on sales volumes. Recipients of formula bonuses within the sales and distribution team are also eligible to receive a discretionary bonus award permitting qualitative assessment to reward responsible business conduct and meeting the needs of clients.

3.4 Discretionary equity scheme

In 2014, the Compensation Committee approved a new, flexible, equity scheme under which the Group may make discretionary awards of equity-linked instruments to select employees. Awards under this scheme may be made on an individual basis, to retain exceptionally strong performers and contributors to the Group's success – in which case they are generally awarded in addition to an employee's regular variable compensation – or to replace deferred compensation awards of new hires, in light of the increasing practice in the financial services industry to defer bonuses of senior personnel over multiple years (see section 3.5). The scheme may also be used for employees where local regulation or best practice encourages a deferred component in their variable compensation.

Share-based awards made under this scheme are variable, typically have at least a three-year vesting period, and may include performance or other conditions. Awards may be reduced or forfeited entirely if recipients have engaged in serious misconduct or have caused wholly or in part a material loss for the Group as a result of reckless, negligent or willful actions or inappropriate values or behaviour.

In 2015, three awards (including one to a new Group Management Board member) were granted with a value of CHF 3,280,266. All awards made under this scheme in 2015 were in the form of restricted shares as a replacement award for deferred share-based compensation from former employers which were forfeited upon joining the Group.

3.5 Replacement awards

The Group always looks to recruit internally and to promote staff where it is appropriate to do so. However, where an external appointment needs to be made, a decision may be taken to compensate senior hires for deferred awards forfeited as a result of joining the Group. Such replacement awards are industry practice and are often necessary to attract senior candidates who generally have a significant portion of past compensation deferred at their current employer and where continued employment is required to avoid forfeiture. Where replacement awards are necessary, our practice is never to improve upon the terms of the award being replaced and to structure the replacement award in such a way that it supports the risk profile of the Group and provides long-term alignment with the interests of the Group and its shareholders.

4. COMPENSATION OF THE GROUP MANAGEMENT BOARD

The annual maximum aggregate fixed and annual maximum aggregate variable compensation of the Group Management Board is prospectively approved annually at the AGM pursuant to the Company's Articles of Incorporation (Article 11) which can be found at www.gam.com/aoi2015.

4.1 Fixed base salary

Base salary levels are determined by the skills, qualifications and relevant experience of the individual fulfilling the role, the responsibilities required by the role along with external market factors.

4.2 Variable compensation

For variable compensation, the Compensation Committee has determined that the Group's underlying pre-tax profit (as disclosed in the Annual Report) coupled with a hard cap expressed in Swiss francs is the most suitable basis for the definition of the Group Management Board's aggregate variable compensation. This was therefore the metric recommended to shareholders at the 2015 Annual General Meeting with respect to executive compensation for the 2015 financial year and will form the basis for the recommendation to the 2016 Annual General Meeting.

Given the nature of the Group's business, underlying pre-tax profit is considered to be the single most important metric in determining the quantum of the Group Management Board's aggregate variable compensation. Underlying pre-tax profit reflects the Group's ability to maintain its profitability, raise and retain client assets, effectively manage its cost base and therefore, provide attractive shareholder returns. The Group has defined underlying pre-tax profit (see page 33 for more details) to exclude items which are non-recurring in nature or are acquisition-related, thereby providing an appropriate measurement of the Group's underlying financial performance.

Subject to the shareholder approved maximum aggregate amount, individual compensation payable to the Group Management Board members is approved by the Compensation Committee. In the case of the Group Management Board members other than the Group CEO, this determination is based upon the recommendation of the Group CEO. The Compensation Committee has established a principle that annual variable compensation of a member of the Group Management Board should not generally be higher than twice such member's base salary.

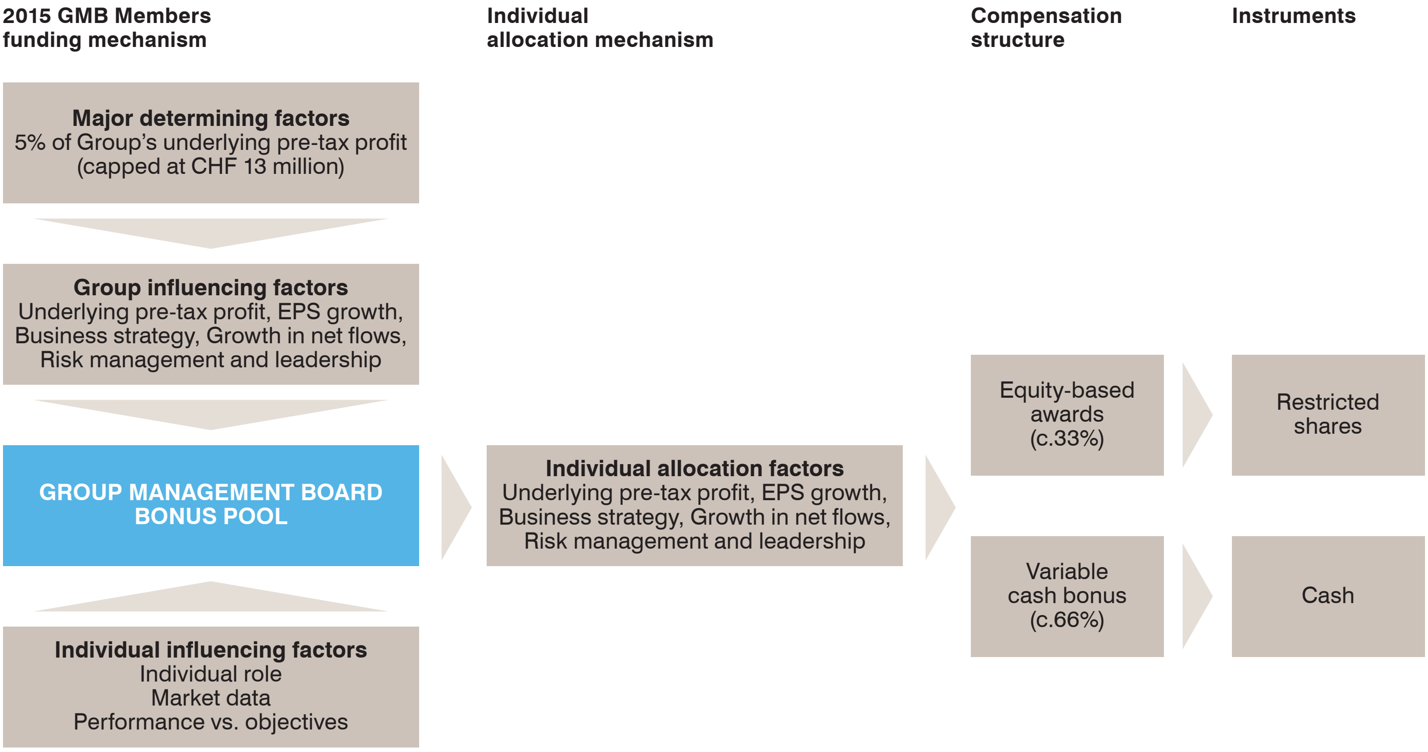
In 2015, the Compensation Committee engaged HCM Hostettler & Company to review the compensation level and structure of the members of the Group Management Board. Their report based its analysis on the information disclosed by international asset managers and concluded that the levels of base salary and short-term variable compensation were appropriate for a Group of the size and global footprint of GAM, but noted that the level of long-term incentive was generally lower than might be expected for the industry. This is a matter which the Compensation Committee intends to address in the future.

4.2.1 Determination and composition of annual variable compensation

In determining the annual variable compensation for the Group Management Board, the Compensation Committee undertook an assessment of the overall performance in 2015 of the Group and of each individual, by reference to a number of financial and non-financial factors, each as appropriate to the individual's role and responsibilities. For the financial year 2015, the Compensation Committee determined that the most appropriate factors to assess the Group Management Board's performance as a group and individually, comprised underlying profitability; earnings per share growth; business strategy, which included cost discipline (including compensation costs as a percentage of revenues), product development and delivery against strategic goals; growth in net flows; sound risk management, leadership and talent management and the discharge of corporate governance responsibilities.

Approximately two thirds of the total annual variable compensation was paid to members of the Group Management Board in cash, with approximately one third paid in restricted shares which are subject to a service condition and are only exercisable three years after the date of grant. This split recognises that the total sum available for the Group Management Board's annual variable compensation is already performance linked by strict reference to the Group's underlying pre-tax profit, whilst at the same time provides ongoing alignment with shareholders' interests and also builds in an element of management retention.

Funding mechanism



The top-down and bottom-up process for determining the funding of the annual variable compensation for the Group Management Board as a whole, together with the allocation to individual Group Management Board members is further described above.

4.2.2 Malus provisions

All deferred compensation awards of Group Management Board members are made into equity-linked instruments and subject to provisions that enable the Group to reduce or cancel the awards, whether vested (but not yet settled) or unvested, of members whose individual behaviour has caused, wholly or in part, a material loss to the Group as a result of reckless, negligent or willful actions or inappropriate behaviour.

4.2.3 Clawback provisions

All deferred compensation awards to Group Management Board members are made into equity-linked instruments and subject to provisions that enable the Group to claim back variable compensation, even after vesting and distribution, if a member has caused, wholly or in part, a material loss to the Group as a result of reckless, negligent or willful actions or through inappropriate behaviour.

4.3 Employment contracts and severance terms

In 2015, all employment contract terms for members of the Group Management Board were revised to ensure compliance with the Swiss Ordinance against Excessive Compensation in Listed Stock Companies. They do not include severance payments or supplementary contributions to pension plans, also known as 'golden parachutes'. All such employment contracts contain a notice period of six months.

4.4 Current and previously utilised equity schemes

4.4.1 Current schemes

Group Management Board Restricted Share Scheme

The compensation structure for the Group Management Board has been harmonised to ensure compensation for the CEO and the other members of the Group Management Board are appropriate and aligned. Accordingly, and in order to ensure long-term alignment with shareholders' interests, the Compensation Committee determined that approximately one third of variable, performance-based compensation of the Group Management Board should be paid in the form of restricted shares.

The amount of the award is performance-based and calculated according to the criteria set out at 4.2.1. The shares granted to recipients under this Scheme will vest annually in three equal tranches, subject to the recipients continuing to be employed with the Group or having retired and not subsequently taken up employment outside of the Group, and will become freely transferable three years after the grant date.

Should the participant's employment be terminated for cause, all vested and unvested shares will lapse immediately.

Malus and clawback will also apply to the award and any future awards. The circumstances where these may apply include (but are not limited to) where the Compensation Committee considers that the employee concerned has been involved in, or partially or wholly responsible for:

- A materially adverse misstatement of the Company's financial statements, or a misleading representation of performance; or
- A significant failure of risk management and/or controls; or
- A scenario or event which causes material reputational damage to the Company; or
- Misconduct which, in the opinion of the Committee, ought to result in the complete or partial lapse of an award

Recipients of the grants were members of the Group Management Board (including the Group CEO). The size of the grants varied based on seniority and individual performance contribution and are designed to represent around one third of a recipient's total variable compensation for the 2015 financial year.

Grants to the members of the Group Management Board will be made on each of the five business days from 1 March 2016 to 7 March 2016. The number of shares granted at each date will be determined by dividing the predetermined aggregate fair value per grant (one fifth of the total grant for each of the five grant dates) by the fair value per share based on each grant day's closing share price. In total, the shares that will be granted will have an aggregate fair value of CHF 2,416,329.

Under the Discretionary Equity Scheme, an award was made to one member of the Group Management Board for the 2015 financial year. For further details please see section 3.4.

Previous awards under this scheme
On 20 January 2015, the Group CEO was awarded 17,787 GAM Holding AG shares (at a fair value of CHF 15.45 per share based on the share's closing price on the first trading line at the SIX Swiss Exchange on 19 January 2015, or an aggregate fair value of CHF 274,815) as a variable deferred element of his total pro-rata compensation for 2014. These shares will be delivered three years after their date of grant.

4.4.2 Previously utilised schemes

Scheme Name	Award Type	Duration	Vesting Schedules	Performance-Based Vesting	Forfeiture / Clawback	Fully at Risk	Capped
Group CEO VRS Scheme	Conditional share award	5 years	5-year linear vesting	Y	Y	Y	Y
2014 GMB VRS Scheme	Conditional share award	3 years	3-year linear vesting	Y	Y	Y	Y
2013 Deferred Compensation Scheme[1]	Options	3 years	3-year cliff vesting	N	Y	Y	N

[1] Under this Scheme awards were also made to non-Group Management Board members

For further details of the above schemes please refer to note 25 of the 2015 Consolidated Financial Statements and page 93, section 4.4 of the 2014 Annual Report which can be found at www.gam.com/annualreport2014.com.

5. COMPENSATION OF THE BOARD OF DIRECTORS

5.1 Principles and compensation structure

The compensation of the members of the Board of Directors, including its Chairman, consists of an annual fixed fee in cash, fee amounts paid in cash for serving as a member or as Chairman on the Committees of the Board of Directors, and share-based payments. Each of these elements of compensation is fixed. The members of the Board of Directors do not receive any type of variable compensation and do not participate in any performance-based compensation schemes available to the members of the Group Management Board or to other Group employees. The members of the Board of Directors also do not receive any stock options. A portion of the fixed compensation for each Board member is paid in the form of GAM Holding AG shares.

AGM 2015 to AGM 2016 (in CHF)	
Chairman of the Board of Directors	
Fixed cash fee	600,000
Fixed cash committee fee	Committee fees as below as Chairman of the Governance and Nomination Committee and a member of the Compensation Committee
Fixed equity compensation	Restricted shares in the amount of CHF 499,991, which will vest on the day before AGM 2016
Members of the Board of Directors other than its Chairman	
Fixed cash fee	100,000
Fixed cash committee fee	Audit Committee: Chairman – 70,000; other members – 20,000 Governance and Nomination Committee: Chairman – 30,000; other members – 10,000 Compensation Committee: Chairman – 60,000; other members – 10,000 Vice Chairman – 10,000
Fixed equity compensation	Restricted shares, in the amount of CHF 99,981, which will vest on the day before AGM 2016

5.2 Chairman of the Board of Directors

For the period AGM 2015 to AGM 2016, Johannes A. de Gier received a total compensation of CHF 1,338,463 (including CHF 160,613 employer's social security contributions) for his services as Chairman of the Board of Directors, Chairman of the Governance and Nomination Committee, and member of the Compensation Committee. Under the Share Plan for members of the Board of Directors described below, the Chairman of the Board of Directors received in 2015 an amount of CHF 499,991 in the form of restricted GAM Holding AG shares, which will vest on the day before the Company's 2016 AGM. Based on the fair value of CHF 21.25 per share at grant, this corresponded to 23,529 shares. Under our compensation framework, the Chairman of the Board of Directors does not receive any variable compensation. The Chairman is also not eligible to participate in any performance-based compensation schemes. The Chairman, being a non-executive director, does not have an employment contract with the Group, but is elected for a one-year term of office by the Company's shareholders and there are no agreements that provide for severance payments.

5.3 Board of Directors

The fixed annual cash base pay for the members of the Board of Directors (other than its Chairman) was left unchanged in 2015 at CHF 100,000. The Committee fees for a one-year term of office, which are also paid in cash, are designed to reflect the workload in serving on the Board of Directors' various Committees. The Committee fees are as follows:

The fee for the role of Chairman of the Audit Committee is CHF 70,000. The fee for each other member of the Audit Committee is CHF 20,000.

The fee for the role of Chairman of the Governance and Nomination Committee is CHF 30,000, and the role of Chairman of the Compensation Committee is CHF 60,000. The fee for the other members of the Governance and Nomination Committee is CHF 10,000 and for the Compensation Committee is CHF 10,000.

The fee for the role of Vice Chairman of the Board of Directors is CHF 10,000.

The members of the Board of Directors do not receive any variable compensation.

5.4. Share plan for the members of the Board of Directors

Members of the Board of Directors receive a fixed amount of GAM Holding AG shares as part of their compensation. GAM Holding AG shares awarded under the plan vest annually at the conclusion of a Board member's one-year term of office.

The awards are not designed or intended as variable compensation. These annual awards provide an alignment with shareholders as it ensures that the Board member has exposure to GAM Holding AG's share price performance during a Board member's one-year term of office. All members of the Board of Directors are non-executive directors and do not have employment contracts. Members of the Board of Directors are elected for a one-year term of office by the Company's shareholders.

Under this plan, the members of the Board of Directors, including its Chairman, were awarded on 1 May 2015 the right to receive an aggregate total of 42,349 GAM Holding AG shares (at a fair value of CHF 21.25 per share based on the share's closing price on the first trading line at the SIX Swiss Exchange on 30 April 2015, or an aggregate fair value of CHF 899,916). These shares will vest and be delivered on the day before the Company's 2016 AGM, provided the member is in office, proposed or decides not to stand for re-election.

6. COMPENSATION DISCLOSURE

6.1 Group Management Board compensation for 2015

6.1.1 The total compensation to the members of the Group Management Board in respect of 2015 and 2014

	Group CEO		Total Group Management Board (including the CEO)	
(in CHF)	2015	2014	2015	2014
Base salary	2,000,000	630,268	6,171,734	7,650,648
Pension fund contributions	250,000	78,784	457,868	633,346
Social security contributions	49,677	16,338	400,286	619,652
Varia	16,477	5,565	35,813	136,826
Total fixed compensation	2,316,154	**730,955**	7,065,701	**9,040,472**
Cash payments	1,766,667	6,561,740	5,257,660	12,862,098
Share-based payments	883,333	7,758,688	3,781,176[1]	9,806,283
Pension fund contributions	-	-	69,023	96,227
Social security contributions	38,425	207,647	684,997	987,503
Total variable compensation	2,688,425	**14,528,075**	9,792,856	**23,752,111**
Total compensation	5,004,579	**15,259,030**	16,858,557	**32,792,583**

[1] Includes replacement award made to a member of the Group Management Board under the Discretionary Equity Scheme

6.1.2 Highest paid Group Management Board member
The highest paid member of the Group Management Board in 2015 was the Group CEO, Alexander Friedman, with a total compensation of CHF 5,004,579 including CHF 88,102 employer's social security contributions other than pension fund contributions.

6.1.3 Compensation to former members of the Group Management Board
In 2015, no compensation was paid to former members of the Group Management Board who stepped down prior to 1 January 2015.

6.1.4 Loans to members of the Group Management Board
In 2015, no loans were granted to the current or former members of the Group Management Board. No such loans were outstanding at year-end 2015.

6.1.5 Compensation and loans to closely linked parties
In 2015, no compensation was paid to closely linked parties of current or former members of the Group Management Board. No loans were granted in, or were outstanding at the end of, 2015 to closely linked parties of current or former members of the Group Management Board.

6.2 The Board of Directors' compensation for 2015

6.2.1 The total compensation to the Board of Directors in 2015 and 2014

(in CHF)		Fixed cash fee	Committee fee	Share-based payments	Social security	Varia	Total Compensation
Johannes A. de Gier	2015	600,000	36,667	499,991	160,613	41,192	**1,338,463**
	2014	600,000	30,000	499,991	154,508	39,018	**1,323,517**
Daniel Daeniker	2015	100,000	30,000	99,981	15,460	-	**245,441**
	2014	100,000	30,000	99,998	15,331	-	**245,329**
Diego du Monceau	2015	100,000	67,500	99,981	-	-	**267,481**
	2014	100,000	30,000	99,998	-	-	**229,998**
Dieter Enkelmann	2015	25,000	7,500	-	2,324	-	**34,824**
	2014	100,000	30,000	99,998	15,331	-	**245,329**
Hugh Scott-Barrett	2015	100,000	70,000	99,981	35,460	-	**305,441**
	2014	100,000	70,000	99,998	35,803	-	**305,801**
Tanja Weiher	2015	100,000	30,000	99,981 [1]	15,460	-	**245,441**
	2014	100,000	30,000	99,998	15,331	-	**245,329**
Total	2015	**1,025,000**	**241,667**	**899,915**	**229,317**	**41,192**	**2,437,091**
	2014	**1,100,000**	**220,000**	**999,981**	**236,304**	**39,018**	**2,595,303**

[1] Tanja Weiher stepped down from her role on the Board of Directors of GAM Holding AG on 14 January 2016 on which date this award was forfeited

6.2.2 Compensation to former members of the Board of Directors

In 2015, no compensation was paid to former members of the Board of Directors who stepped down prior to 1 January 2015.

6.2.3 Loans to members of the Board of Directors

In 2015, no loans were granted to the current or former members of the Board of Directors. No such loans were outstanding at year-end 2015.

6.2.4 Compensation and loans to closely related parties

In 2015, no compensation was paid to closely related parties of current or former members of the Board of Directors. No loans were granted in, or were outstanding at the end of, 2015 to closely linked parties of current or former members of the Board of Directors.

7. SHARE AND OPTION HOLDINGS

7.1 Group Management Board

		Shares vested	Options vested	Total
Alexander S. Friedman	31.12.2015	-	-	-
	31.12.2014	-	-	-
Andrew Hanges	31.12.2015	19,161	-	19,161
	31.12.2014	19,161	-	19,161
Craig Wallis	31.12.2015	-	-	-
	31.12.2014	-	-	-
Martin Jufer	31.12.2015	-	-	-
	31.12.2014	-	-	-
Scott Sullivan	31.12.2015	-	-	-
	31.12.2014	-	-	-
Richard McNamara	31.12.2015	-	-	-
	31.12.2014	-	-	-
Larissa Alghisi Rubner	31.12.2015	-	-	-
	31.12.2014	-	-	-

7.2 Board of Directors

		Shares vested	Options vested	Total
Johannes A. de Gier, Chairman	31.12.2015	37,046	-	37,046
	31.12.2014	19,642	-	19,642
Daniel Daeniker	31.12.2015	23,269	-	23,269
	31.12.2014	19,336	-	19,336
Diego du Monceau	31.12.2015	10,103	-	10,103
	31.12.2014	5,357	-	5,357
Hugh Scott-Barrett	31.12.2015	7,000	-	7,000
	31.12.2014	6,785	-	6,785
Tanja Weiher	31.12.2015	10,029	-	10,029
	31.12.2014	6,696	-	6,696

8. COMPENSATION OUTLOOK FOR 2016 – INFORMATION FOR THE 2016 AGM VOTE

8.1 Compensation of the Board of Directors

For the one-year term of office as of the 2016 AGM to the 2017 AGM, the Compensation Committee anticipates the fixed annual cash base pay for the members of the Board of Directors, including the fees for the various Committee memberships, to remain unchanged. The Compensation Committee further envisages granting the members of the Board of Directors – once elected at the 2016 AGM – an aggregate amount of approximately CHF 1 million in the form of restricted GAM Holding AG shares. These shares will vest on the day prior to the 2017 AGM, provided the recipient is still a member of the Board of Directors at that date. Whilst the fees payable to members of the Board of Directors are not expected to increase for 2016, it is the current intention of the Board of Directors to nominate additional candidates for election at the 2016 AGM. Accordingly, the Compensation Committee anticipates that the aggregate total compensation for the Board of Directors for the period starting at the 2016 AGM and ending on the 2017 AGM will increase slightly but not exceed CHF 3 million (including employer's social security contributions).

8.2 Compensation of the Group Management Board

The Compensation Committee does not anticipate making any increase to the fixed base salaries of members of the Group Management Board in 2016. The aggregate maximum amount of fixed compensation paid to the current Group Management Board members in 2016 is not expected to exceed CHF 8 million (including employer's social security contributions).

The Compensation Committee continues to deem the Group's underlying pre-tax profit (as disclosed in the Annual Report) as the most suitable basis for the determination of the aggregate variable compensation actually awarded to the Group Management Board. As in 2015, however, the Compensation Committee is offering shareholders certainty around the maximum total variable compensation which may be awarded to the current Group Management Board for the 2016 financial year and is proposing a hard cap of CHF 15 million (including employer's social security contributions). This represents a modest increase on the maximum total variable compensation approved by shareholders for the financial year 2015 to address a proposed expansion to the membership of the Group Management Board in 2016 and the intended grant of long-term incentive awards to its members. As any new members appointed to the Group Management Board ahead of the 2016 AGM will be existing employees however, no increase in the Group's overall compensation expenditure is expected as a result of their appointment.

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Report of the Statutory Auditor to the General Meeting of Shareholders of

GAM Holding AG, Zurich

We have audited the accompanying Compensation Report of GAM Holding AG (section 6) for the year ended 31 December 2015.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the Compensation Report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying Compensation Report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the Compensation Report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the Compensation Report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the Compensation Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Compensation Report for the year ended 31 December 2015 of GAM Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Philipp Rickert	Patricia Bielmann
Licensed Audit Expert	*Licensed Audit Expert*
Auditor in Charge	

Zurich, 29 February 2016

CONSOLIDATED FINANCIAL STATEMENTS

(see the following page for a detailed list)

NOTES TO THE CONSOLIDATED INCOME STATEMENT

NOTES TO THE CONSOLIDATED BALANCE SHEET

ADDITIONAL NOTES

CONSOLIDATED INCOME STATEMENT

	Note	2015 CHF m	2014 CHF m	Change in %
Fee and commission income		985.2	1,010.3	-2
Distribution, fee and commission expenses		-467.4	-467.4	0
Net management fees and commissions	4	**517.8**	**542.9**	**-5**
Net performance fees	4	82.8	65.9	26
Net fee and commission income		**600.6**	**608.8**	**-1**
Net other income/(expense)	5	-1.8	10.9	-
Income		**598.8**	**619.7**	**-3**
Personnel expenses	6	303.2	295.3	3
General expenses	7	107.6	105.8	2
Depreciation and amortisation	16	9.5	7.8	22
Impairment losses	8	2.6	2.3	13
Expenses		**422.9**	**411.2**	**3**
Profit before taxes		**175.9**	**208.5**	**-16**
Income tax expenses	9.1	37.6	39.5	-5
Net profit		**138.3**	**169.0**	**-18**
Net profit attributable to:				
The shareholders of the Company		138.3	165.8	-17
Non-controlling interests		-	3.2	-100
		138.3	**169.0**	**-18**
Earnings per share				
Basic earnings per share (CHF)	11	0.87	1.02	-15
Diluted earnings per share (CHF)	11	0.86	1.01	-15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2015 CHF m	2014 CHF m	Change in %
Net profit		**138.3**	**169.0**	**-18**
Remeasurements of pension liabilities		-5.3	-18.5	-
Items that will not be reclassified subsequently to the income statement, net of taxes		**-5.3**	**-18.5**	**-**
Net gains/(losses) on financial assets available-for-sale		-	4.5	-
Net realised (gains)/losses on financial assets available-for-sale reclassified to the income statement		-0.5	-6.1	-
Translation differences		-10.6	5.4	-
Net realised (gains)/losses on translation differences reclassified to the income statement	5	0.8	-	-
Items that may be reclassified subsequently to the income statement, net of taxes		**-10.3**	**3.8**	**-**
Other comprehensive income, net of taxes	9.2	**-15.6**	**-14.7**	**-**
Total comprehensive income		**122.7**	**154.3**	**-20**
Total comprehensive income attributable to:				
The shareholders of the Company		122.7	151.1	-19
Non-controlling interests		-	3.2	-100
		122.7	**154.3**	**-20**

CONSOLIDATED BALANCE SHEET

	Note	31.12.2015 CHF m	31.12.2014 CHF m	Change in %
Cash and cash equivalents		632.9	643.9	-2
Trade and other receivables		27.5	31.7	-13
Accrued income and prepaid expenses	12	135.0	138.0	-2
Financial investments	13.1	49.3	117.7	-58
Assets held for sale	14	18.8	14.4	31
Current assets		**863.5**	**945.7**	**-9**
Financial investments and other financial assets	13.1	3.8	3.0	27
Deferred tax assets	15.1	26.1	32.4	-19
Property and equipment	16	14.1	18.0	-22
Goodwill and other intangible assets	16	1,389.4	1,371.6	1
Non-current assets		**1,433.4**	**1,425.0**	**1**
Assets		**2,296.9**	**2,370.7**	**-3**
Trade and other payables		40.2	37.7	7
Other financial liabilities	13.2	1.1	1.7	-35
Accrued expenses and deferred income	17	224.9	249.3	-10
Current tax liabilities		16.1	30.2	-47
Provisions	18	13.5	-	-
Liabilities held for sale	14	1.4	0.4	250
Current liabilities		**297.2**	**319.3**	**-7**
Financial liabilities	13.2	38.8	35.6	9
Provisions	18	3.1	3.7	-16
Pension liabilities	19	80.4	96.2	-16
Deferred tax liabilities	15.2	1.0	-	-
Non-current liabilities		**123.3**	**135.5**	**-9**
Liabilities		**420.5**	**454.8**	**-8**
Share capital		8.2	8.3	-1
Capital reserves		1,199.6	1,323.0	-9
Retained earnings		847.0	744.3	14
Revaluation reserve		-0.5	-	-
Foreign currency translation reserve		-91.3	-81.5	12
Treasury shares		-86.6	-81.9	6
Equity attributable to the shareholders of the Company	20	**1,876.4**	**1,912.2**	**-2**
Non-controlling interests		-	3.7	-100
Equity		**1,876.4**	**1,915.9**	**-2**
Liabilities and equity		**2,296.9**	**2,370.7**	**-3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital CHF m	Capital reserves CHF m	Retained earnings CHF m
Balance at 1 January 2014		**8.7**	**1,537.4**	**599.4**
Net profit		-	-	165.8
Remeasurements of pension liabilities	9.2/19	-	-	-18.5
Net gains/(losses) on financial assets available-for-sale		-	-	-
Net realised (gains)/losses on financial assets available-for-sale reclassified to the income statement		-	-	-
Translation differences		-	-	-
Other comprehensive income, net of taxes		**-**	**-**	**-18.5**
Total comprehensive income		**-**	**-**	**147.3**
Capital reduction	20	-0.4	-108.9	15.7
Dividends paid	20	-	-105.5	-
Share-based payment expenses, net of taxes	9.3/25	-	-	4.6
Acquisitions of own shares and derivatives on own shares	20	-	-	-
Disposals of own shares and derivatives on own shares	20	-	-	-22.7
Balance at 31 December 2014		**8.3**	**1,323.0**	**744.3**
Net profit		-	-	138.3
Remeasurements of pension liabilities	9.2/19	-	-	-5.3
Net realised (gains)/losses on financial assets available-for-sale reclassified to the income statement		-	-	-
Translation differences		-	-	-
Net realised (gains)/losses on translation differences reclassified to the income statement	5	-	-	-
Other comprehensive income, net of taxes		**-**	**-**	**-5.3**
Total comprehensive income		**-**	**-**	**133.0**
Capital reduction	20	-0.1	-19.0	-32.2
Dividends paid	20	-	-104.4	-
Acquisition of non-controlling interests		-	-	0.4
Share-based payment expenses, net of taxes	9.3/25	-	-	7.4
Acquisitions of own shares and derivatives on own shares	20	-	-	-
Disposals of own shares and derivatives on own shares	20	-	-	-5.9
Balance at 31 December 2015		**8.2**	**1,199.6**	**847.0**

Revaluation reserve CHF m	Foreign currency translation reserve CHF m	Treasury shares CHF m	**Equity attributable to the shareholders of the Company** CHF m	Non-controlling interests CHF m	**Equity** CHF m
1.6	**-86.9**	**-145.5**	**1,914.7**	**5.0**	**1,919.7**
-	-	-	**165.8**	3.2	**169.0**
-	-	-	**-18.5**	-	**-18.5**
4.5	-	-	**4.5**	-	**4.5**
-6.1	-	-	**-6.1**	-	**-6.1**
-	5.4	-	**5.4**	-	**5.4**
-1.6	**5.4**	**-**	**-14.7**	**-**	**-14.7**
-1.6	**5.4**	**-**	**151.1**	**3.2**	**154.3**
-	-	93.6	**-**	-	**-**
-	-	-	**-105.5**	-4.5	**-110.0**
-	-	-	**4.6**	-	**4.6**
-	-	-52.7	**-52.7**	-	**-52.7**
-	-	22.7	**-**	-	**-**
-	**-81.5**	**-81.9**	**1,912.2**	**3.7**	**1,915.9**
-	-	-	**138.3**	-	**138.3**
-	-	-	**-5.3**	-	**-5.3**
-0.5	-	-	**-0.5**	-	**-0.5**
-	-10.6	-	**-10.6**	-	**-10.6**
-	0.8	-	**0.8**	-	**0.8**
-0.5	**-9.8**	**-**	**-15.6**	**-**	**-15.6**
-0.5	**-9.8**	**-**	**122.7**	**-**	**122.7**
-	-	51.3	**-**	-	**-**
-	-	-	**-104.4**	-3.3	**-107.7**
-	-	-	**0.4**	-0.4	**-**
-	-	-	**7.4**	-	**7.4**
-	-	-61.9	**-61.9**	-	**-61.9**
-	-	5.9	**-**	-	**-**
-0.5	**-91.3**	**-86.6**	**1,876.4**	**-**	**1,876.4**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2015 CHF m	2014 CHF m
Net profit		**138.3**	**169.0**
Adjustments to reconcile net profit to cash flow from operating activities			
Non-cash items included in net profit and other adjustments:			
- Impairment losses	8	2.6	2.3
- Depreciation and amortisation		9.5	7.8
- Share-based payment expenses	25	7.7	5.4
- Other non-cash items		-7.6	-6.0
Net increase/decrease in operating assets and liabilities:			
- Financial investments and other financial assets		65.3	-9.1
- Trade and other receivables (excluding tax receivable)		6.6	34.8
- Accrued income and prepaid expenses (excluding accrued interest)		-5.8	-7.8
- Trade and other payables		10.0	15.5
- Accrued expenses and deferred income (excluding accrued interest)		-12.2	-8.1
- Other financial liabilities		-0.6	1.2
Adjustment for interest income and expenses		1.2	-0.5
Interest received		0.8	0.9
Interest paid		-2.0	-0.4
Adjustment for income tax expenses		37.6	39.5
Income taxes paid		-49.8	-32.6
Cash flow from operating activities		**201.6**	**211.9**
Acquisition of business (net of cash)		-13.2	-1.4
Redemption of investment in associates		-	0.8
Disposal of subsidiaries (net of cash)		4.7	-
Purchase of property, equipment and intangible assets		-9.0	-6.4
Disposal of property, equipment and intangible assets		-	0.1
Cash flow from investing activities		**-17.5**	**-6.9**
Purchase of treasury shares	20	-61.9	-52.7
Dividends paid to shareholders of the Company	20	-104.4	-105.5
Dividends paid to non-controlling interests		-3.3	-4.5
Acquisition of non-controlling interests		-6.4	-
Cash flow from financing activities		**-176.0**	**-162.7**
Effects of exchange rate changes on cash and cash equivalents		-19.1	9.0
Net increase/(decrease) in cash and cash equivalents		**-11.0**	**51.3**
Cash and cash equivalents at the beginning of the year		643.9	592.6
Cash and cash equivalents at the end of the year		**632.9**	**643.9**

	2015 CHF m	2014 CHF m
Cash and cash equivalents at the beginning of the year	643.9	592.6
Cash flow from operating activities	201.6	211.9
Cash flow from investing activities	-17.5	-6.9
Cash flow from financing activities	-176.0	-162.7
Effects of exchange rate changes on cash and cash equivalents	-19.1	9.0
Cash and cash equivalents at the end of the year	**632.9**	**643.9**

Cash and cash equivalents are structured as follows:

	31.12.2015 CHF m	31.12.2014 CHF m
Cash at bank	499.2	483.8
Short-term deposits	133.7	160.1
Cash and cash equivalents	**632.9**	**643.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

GAM Holding AG (the Company) is a Swiss corporation domiciled in Zurich and listed on the SIX Swiss Exchange. The consolidated financial statements as at 31 December 2015 comprise those of GAM Holding AG and all its subsidiaries (together referred to as the 'Group') including structured entities under the Group's control.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Generally, the historical cost principle is applied, with the exception of financial assets at fair value through profit or loss, derivative financial instruments and financial assets available-for-sale.

Except as otherwise indicated in these consolidated financial statements, all financial information is presented in millions of Swiss francs.

3. Summary of significant accounting policies

3.1. Use of estimates and judgements in preparing the consolidated financial statements

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent liabilities. Actual results in future periods could differ from such estimates. Estimates and assumptions are used mainly in the following areas of the consolidated financial statements and are discussed in the corresponding Notes:

- determining fair values of financial instruments (Notes 3.2.6 and 13.5)
- determining whether the Group controls another entity (Notes 3.2.1 and 14)
- accrual of performance fees (Notes 3.2.3 and 4)
- measurement and timing of provisions (Notes 3.2.10 and 18)
- measurement of defined benefit pension plan obligations (Notes 3.2.15 and 19)
- utilisation of tax losses and deferred tax assets (Notes 3.2.14 and 15.1)
- determining the fair value of share-based payments (Notes 3.2.16 and 25)
- measurement of the recoverable amount of goodwill and other intangible assets (Notes 3.2.9 and 16)

3.2. Accounting policies

All Group companies apply uniform accounting and measurement principles, which remained consistent with the previous year, except as outlined in Note 3.3.

3.2.1. Subsidiaries

Subsidiaries are entities in which the Group exercises control and which are therefore fully consolidated. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control is transferred to the Group until the date control ceases. The effects of all intercompany transactions and balances are eliminated on consolidation.

3.2.2. Foreign currency translation

The Group companies prepare their financial statements in the respective functional currency. Assets and liabilities of Group companies that are denominated in foreign currencies are translated into Swiss francs at the closing exchange rates on the balance sheet date. Average exchange rates for the reporting period are used for the income statement. Foreign currency differences arising from consolidation using closing and average exchange rates for the reporting period are recognised in the foreign currency translation reserve in other comprehensive income.

In the individual financial statements of the Group companies, income and expenses denominated in foreign currencies are translated at the exchange rate on the date of the respective transaction. Monetary assets and liabilities are translated at the closing exchange rate on the balance sheet date. The resulting gains and losses on monetary assets and liabilities are recognised in the income statement as foreign exchange gains/losses. Unrealised exchange differences on equity financial assets available-for-sale are a component of the change in their fair value and are recognised in other comprehensive income.

3.2.3. Income recognition

Income from investment and advisory management and other fund-related services is either recognised at the time the service is performed, i.e. upon execution of a transaction, or in the corresponding periods over the life of a contract if services are provided over a certain period of time.

Fee and commission income includes client management fees and fund management fees that are recognised in the period in which the services are rendered.

Client management fees are calculated as a percentage of the clients' assets under management. Fund management fees are paid based on contractual agreements and received by Group companies for providing various services to those funds.

Fees or components of fees that are based on performance are recognised once their value can be determined with a reasonable degree of accuracy and it is highly probable that they will be collected within a reasonable timeframe, i.e. they are recognised at the time when all performance criteria are fulfilled.

3.2.4. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the reporting period attributable to shareholders of the Company by the weighted average number of shares outstanding (excluding treasury shares held) during the reporting period.

Diluted earnings per share is calculated using the same method as for basic earnings per share, with the determinants adjusted to reflect the potential dilution that could occur if outstanding options or other contracts to issue shares were converted or exercised into shares.

3.2.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, call deposits held with banks and short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3.2.6. Financial instruments

The Group classifies its financial assets in the following categories: financial assets available-for-sale, financial assets at fair value through profit or loss, and loans and receivables. Financial liabilities are classified in the following categories: financial liabilities at fair value through profit or loss, and other financial liabilities. Management determines the classification of its financial instruments at initial recognition.

All regular way purchases and sales of financial assets are recognised and derecognised on the trade date – the date on which the Group commits to purchase or sell the asset.

All financial instruments are recognised initially at fair value plus, in the case of instruments not classified at fair value through profit or loss, directly attributable transaction costs.

Financial assets available-for-sale

Security positions that are not held for trading purposes and are not initially designated at fair value through profit or loss are reported as financial assets available-for-sale and are measured at fair value. Unrealised gains and losses are recognised in other comprehensive income and reported in the revaluation reserve until the security is sold, or an impairment loss is recognised, at which point the cumulative gain or loss previously recorded in the revaluation reserve is recognised in the income statement.

Interest on debt securities is accrued using the effective interest method and, together with dividend income on equity securities, recognised in 'net other income/(expense)'.

Financial assets and financial liabilities at fair value through profit or loss
A financial asset or a financial liability is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. A financial asset or a financial liability is designated at fair value through profit or loss if one of the following conditions is met:
a) it is a hybrid instrument that consists of a host and an embedded derivative component;
b) it is part of a portfolio that is risk-managed on a fair value basis; or
c) the application of the fair value option significantly reduces or eliminates an accounting mismatch that would otherwise arise.

Derivatives are categorised as held for trading. They are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Realised gains and losses on derecognition and unrealised gains and losses from changes in the fair value are recognised in the income statement in ‘net other income/(expense)’.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement through the amortisation process and when loans and receivables are derecognised or impaired.

Other financial liabilities measured at amortised cost
Other financial liabilities are financial liabilities not classified at fair value through profit or loss. After initial measurement, such financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement through the amortisation process and when other financial liabilities are derecognised.

Impairment
At the end of each reporting period the Group assesses whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event(s) impacted on the estimated future cash flows of the financial asset. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

When a decline in the fair value of a financial asset available-for-sale has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to the income statement.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The amount of the loss is recognised in the income statement.

Hedge accounting
The Group uses derivative financial instruments for hedging fair values (fair value hedges). The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are reported in the income statement. Changes in the fair value of the hedged item that are attributable to the hedged risk are reflected in an adjustment to the carrying value of the hedged item and are also recognised in the income statement. Fair value changes attributable to the hedged risk of a financial asset available-for-sale are recognised in the income statement and not in other comprehensive income.

3.2.7. Property and equipment
Property and equipment includes IT hardware, communication systems, leasehold improvements as well as furniture and other office equipment. They are carried at cost less accumulated depreciation and impairment losses. Items of property and equipment are depreciated over their estimated useful lives using the straight-line method.

IT hardware and communication systems are depreciated over a period not exceeding five years, furniture and other office equipment over a period not exceeding eight years. Leasehold improvements are depreciated over the shorter of the residual lease term or useful life up to a maximum period of ten years.

Leasehold improvements are investments made to customise buildings and offices occupied under operating lease contracts to make them suitable for the intended purpose. If a leased property must be returned to its original condition at the end of the lease term, the present value of the estimated reinstatement costs is capitalised as part of the total leasehold improvement costs. At the same time, a provision for reinstatement costs is recognised to reflect the obligation incurred. The reinstatement costs are recognised in the income statement through depreciation of the capitalised leasehold improvements over their useful life.

Subsequent expenditure on an item of property and equipment is recognised in the carrying value of the item if it is probable that additional future economic benefits associated with the item will flow to the Group. Current maintenance and servicing costs are expensed through the income statement.

At each balance sheet date, the items of property and equipment are reviewed for indications of impairment. If such indications exist, it is determined whether the carrying amount of the item is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

3.2.8. Leasing
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership; otherwise it is classified as an operating lease.

Under an operating lease, the leased assets are not recognised on the balance sheet, as the risks and rewards of ownership remain with the lessor. Lease payments for operating leases are recognised in general expenses in the income statement over the lease term on a straight-line basis.

Under finance leasing, a leased asset and a corresponding lease liability are initially recognised on the balance sheet at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The leased asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the term of the lease.

3.2.9. Goodwill and other intangible assets
Intangible assets are classified into the following categories:

Goodwill: In a business combination, the acquiree's identifiable assets and liabilities are recognised at their respective fair value at the acquisition date. Goodwill is measured as the difference between the sum of the fair value of the consideration transferred plus the recognised amount of any non-controlling interests in the acquiree, and the recognised amount of the identifiable assets acquired and liabilities assumed. Goodwill is not amortised; it is tested for impairment annually at the cash-generating-unit level and an impairment loss is recognised if the recoverable amount is less than its carrying amount.

Customer relationships: This comprises long-term customer relationships from business combinations. Customer relationships are amortised over their estimated useful life up to a maximum period of ten years using the straight-line method.

Brand: The Group considers the capitalised brand to have an indefinite useful life. It is therefore not amortised, but tested for impairment and confirmation of its indefinite status on an annual basis.

Software: The Group capitalises costs relating to the acquisition, installation and development of software if it is probable that the future economic benefits that are attributable to the asset will flow to the Group and that the costs of the asset can be identified and measured reliably. The capitalised software is amortised over its estimated useful life up to a maximum period of five years using the straight-line method.

On each balance sheet date, the intangible assets are reviewed for indications of impairment. If such indications exist, it is determined whether the carrying amount of these intangible assets is fully recoverable and an impairment loss is recognised if the carrying amount exceeds the recoverable amount.

3.2.10. Provisions
A provision is recognised if, as a result of a past event, the Group has a legal or constructive present obligation existing on the balance sheet date that will probably lead to an outflow of resources and whose amount can be reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation as of the balance sheet date, taking into account the risks and uncertainties related to the obligation.

Restructuring provisions in the event of sale or termination of a line of business, closure or relocation of business locations, changes in management structure or another fundamental reorganisation are recognised if a constructive obligation is incurred and a detailed and formal restructuring plan exists. In addition, the implementation must have begun or the announcement of the main features to the employees affected must have taken place before the balance sheet date. Restructuring provisions include only necessary direct expenditures caused by restructuring, not costs associated with the ongoing business activities.

3.2.11. Share capital
Ordinary shares are classified as equity since the shares are non-redeemable. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

3.2.12. Treasury shares and derivatives on own shares
Shares of the Company held by the Group are classified in equity as treasury shares and accounted for at weighted average cost. The difference between the proceeds from sales of treasury shares and their cost (net of income taxes, if any) is recognised in retained earnings.

Contracts over shares of the Company that require settlement in a fixed number of shares for a fixed amount are recognised in retained earnings. Upon settlement of such contracts, the proceeds received (net of costs and any taxes) are also recognised in retained earnings.

Contracts over shares of the Company that must be net settled in cash or net settled in shares of the Company or that offer a choice of settlement methods are treated as derivative instruments, with changes in fair value recognised in ‘net other income/(expense)’.

3.2.13. Non-current assets or disposal groups (assets and liabilities) held for sale
Non-current assets or disposal groups are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs to sell and are presented in the balance sheet line items ‘assets held for sale’ and ‘liabilities held for sale’.

3.2.14. Income taxes
Income tax expense comprises current and deferred taxes. Current income taxes are calculated on the basis of the applicable tax laws of the respective countries and are recognised as expense in the financial year in which the related taxable income arises. Liabilities related to current taxes are recognised in the balance sheet as current tax liabilities.

Deferred tax assets and deferred tax liabilities are taken into account using the balance sheet liability method for the expected future tax consequences of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax values.

Deferred tax assets arising from temporary differences and from tax loss carry-forwards eligible for offset are capitalised if it is likely that sufficient taxable profits will be available against which those differences or tax loss carry-forwards can be offset.

Deferred tax assets and deferred tax liabilities are calculated at tax rates expected to apply in the period in which the tax assets will be realised, or the tax liabilities settled.

Current tax assets and tax liabilities are offset against each other when they refer to the same taxable entity, concern the same tax authority, an enforceable right to offset exists and they are intended to be settled net or realised simultaneously. The same treatment applies to deferred tax assets and liabilities.

Current and deferred taxes are credited or charged directly to equity if the taxes refer to items that are credited or charged directly to equity. Current and deferred taxes are credited or charged to other comprehensive income if the taxes refer to items that are credited or charged to other comprehensive income.

3.2.15. Post-employment benefits

The Group maintains various defined contribution and defined benefit pension plans in Switzerland and overseas jurisdictions.

The pension plan obligations are largely covered through pension plan assets of the pension plans that are legally separated and independent from the Group.

Defined benefit pension plans

Defined benefit pension plan obligations are measured according to the projected unit credit method. The relevant calculations are carried out by independent qualified actuaries. The pension plan expenses are actuarially determined as the net pension cost, being service cost and net interest on the net defined benefit liability/(asset), minus the employee contributions and are recognised in the income statement in personnel expenses.

Remeasurements of the net defined benefit liability/(asset), which include actuarial gains and losses, are recognised in other comprehensive income.

Net defined benefit assets are only recognised in the balance sheet to the extent that the present value of any economic benefits is available to the Group in the form of cash refunds from the plan or reductions in future contributions to the plan.

Defined contribution pension plans

Defined contribution pension plan contributions are expensed when the employees render the corresponding service to the Group.

3.2.16. Share-based payments

The Group maintains a number of share-based payment plans in the form of share option plans or share plans for its employees. When such payments are made to employees, the fair value of these payments at grant date serves as the basis for calculating the personnel expenses. Share-based payments that are not subject to any further conditions are expensed immediately at grant date. Share-based payments that are subject to the completion of a service period are expensed over the respective service period. If the employees are not entitled to dividends, the fair value at grant date of these equity instruments is determined by the relevant share price reduced by the present value of dividends expected before the shares are delivered.

Share-based payment plans that are settled in own equity instruments (shares or options) result in a corresponding increase in equity and are not remeasured for subsequent changes in the fair value of the underlying equity instruments. Share-based payment plans that are settled by the payment of cash are recognised as a liability and are adjusted through the income statement for changes in fair value of the underlying equity instruments until final settlement.

3.2.17. Segment reporting

IFRS 8 Operating Segments requires disclosures to reflect the information that the Group Management Board, being the body that is the Group's chief operating decision maker, uses to assess performance and to allocate resources. The Group is managed as a single business segment for reporting and control purposes, offering different investment management solutions and products across multiple asset classes and strategies that are managed across a range of products, distribution channels and geographic regions.

Discrete financial information is prepared to allow for an analysis at different levels. However, the Group Management Board reviews and uses for its decisions the aggregated financial information at Group level only.

3.3. Changes in accounting policies

The Group applied the annual improvements to IFRSs 2010 – 2012 cycle as well as 2011 – 2013 cycle – various standards for the first time in 2015.

The adoption of these accounting pronouncements had no significant impact on the consolidated financial statements of the Group.

3.4. New standards and interpretations not yet adopted

Certain new standards, revisions and interpretations of existing standards were published that must be applied in future financial periods, but are not yet adopted by the Group. These changes are not expected to have any significant impact on the Group's consolidated financial statements, except for the IFRS 9, IFRS 15 and the newly published IFRS 16 standards.

The following standards, revisions and interpretations will be relevant to the Group:

IFRS 9 – Financial Instruments

The new standard will replace the current IAS 39 and includes the three phases: classification and measurement, impairment, and hedge accounting. IFRS 9 includes the following changes to the current accounting for financial instruments:

All recognised financial assets are measured at either amortised cost or fair value with subsequent fair value changes recognised in either profit or loss (FVTPL) or other comprehensive income (FVOCI). The assessment as to how an asset should be classified is made on the basis of both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

A debt instrument that (a) is held within a business model whose objective is to collect the contractual cash flows and (b) has contractual cash flows that are solely payments of principal and interest may be measured at amortised cost. If a debt instrument measured at amortised cost is derecognised prior to maturity, the gain or loss has to be presented separately in the income statement, with an analysis of that gain or loss and the reasons for the sale. Debt instruments which are held to collect and sale and meet the solely payment of principal and interest test are measured at fair value through other comprehensive income. If debt instruments are held for trading purposes, they are measured at fair value with gains and losses recognised in profit or loss. The entity may also apply the fair value option and measure all debt instruments at fair value through profit or loss.

Equity instruments are to be measured at fair value, with the recognition of gains and losses in the income statement, with the exception of equity instruments designated as at fair value through other comprehensive income. Only if an equity instrument is not held for trading, an irrevocable election can be made at initial recognition to measure it at fair value through other comprehensive income (equity), without any subsequent reclassification to the income statement (i.e. the current requirement to perform an assessment of impairment and to reclassify cumulative gains and losses on disposal no longer applies).

Under IFRS 9, financial liabilities are generally classified as subsequently measured at amortised cost. For a financial liability designated as at fair value through profit or loss using the fair value option, the change in the liability's fair value attributable to changes in the liability's credit risk is recognised directly in other comprehensive income, unless it creates or increases an accounting mismatch. The amount that is recognised in other comprehensive income is not recycled when the liability is settled or extinguished.

The new standard replaces the 'incurred loss' with an 'expected loss' impairment approach and affects entities that hold financial assets or commitments to extend credit that are not accounted for at fair value through profit or loss. Under the new approach, it will no longer be necessary for a loss event to occur before an impairment loss is recognised and so, generally, all financial assets will carry a loss allowance, i.e. losses are recognised at an earlier stage.

The new requirements on hedge accounting align hedge accounting more closely with risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. IFRS 9 allows hedge accounting for equity instruments measured at fair value through other comprehensive income (OCI), even though there will be no impact on P&L from these investments. Hedge ineffectiveness is recognised in OCI.

The IASB decided to require an entity to apply IFRS 9 for annual periods beginning on or after 1 January 2018. However, early application is still permitted. The Group is currently in the process of evaluating the potential effect of IFRS 9 on the Group's consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers
A single revenue recognition model was published for all revenue transactions arising from contracts with customers, (i.e. contracts for goods, services, licences or fees). The goal was to prepare a new standard for revenue recognition which replaces IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes and other revenue standards.

The new standard proposes the following changes:
- An entity has to recognise revenue when it satisfies its performance obligations in a contract by transferring goods and services to a customer.
- Under the new model, revenue is recognised when control is transferred, compared with the current model that focuses on the transfer of risks and rewards.
- The transaction price should reflect an estimate of variable or contingent consideration if it can be reasonably estimated.
- Extensive new disclosure requirements, e.g. information about contracts with customers and information about judgments and changes in judgments.
- Entities have to disclose disaggregated revenue information that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. These disclosures will also have to be presented in interim financial reports in accordance with IAS 34.

The IASB decided to require an entity to apply the revenue standard for annual periods beginning on or after 1 January 2018. An entity will be able to choose to either apply the standard on a fully retrospective basis or apply a retrospective basis with the benefit of certain optional practical expedients. The IASB decided to allow early application for entities already applying IFRS. The Group is currently in the process of evaluating the potential effect of IFRS 15 on the Group's consolidated financial statements.

IFRS 16 – Leases
IFRS 16 was published in January 2016. The new standard replaces the current IAS 17 Leases, SIC-15, SIC-27 and IFRIC 4. The new standard includes the following changes to the lease accounting:

Recognition of all leases, other than short-term leases, is required on the balance sheet in form of a right-of-use and a matching liability. As a result, a lessee would be required to recognise fixed assets and financial liabilities with corresponding amounts of amortisation and interest as it is currently required for finance lease. Also rental payments for e.g. property need in most cases to be capitalised as fixed assets.

Further decisions taken:
- An exception exists for short-term leases and an explicit recognition and measurement exemption for leases of 'small assets'.
- 'Grandfathering' of the definition of a lease on transition will be permitted, but not required.
- The IASB decided that a lessee would be required to provide qualitative disclosures in addition to the quantitative disclosures only if they are necessary to satisfy the lessee disclosure objective of enabling users of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

The IASB decided to require an entity to apply the lease standard for annual periods beginning on or after 1 January 2019. An entity will be able to choose to either apply the standard on a fully retrospective basis or apply a retrospective approach with the benefit to use certain transition reliefs. The IASB decided to allow early application if the entity also applies IFRS 15 Revenue from Contracts with Customers at or before the date of early application. The Group is currently in the process of evaluating the potential effect of IFRS 16 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

4. Net fee and commission income

	2015 CHF m	2014 CHF m	Change in %
Investment management and advisory fees	980.9	1,003.8	-2
Other fund-related fees and commissions	4.3	6.5	-34
Distribution, fee and commission expenses	-467.4	-467.4	0
Net management fees and commissions	**517.8**	**542.9**	**-5**
Performance fees	90.5	73.8	23
Performance fees paid to external investment managers	-7.7	-7.9	-3
Net performance fees	**82.8**	**65.9**	**26**
Net fee and commission income	**600.6**	**608.8**	**-1**

5. Net other income/(expense)

	Note	2015 CHF m	2014 CHF m	Change in %
Foreign exchange gains/(losses)		-0.2	1.5	-
Interest income		0.8	0.9	-11
Interest expenses		-2.0	-0.4	400
Net gains/(losses) on financial assets available-for-sale		0.5	6.2	-92
Net gains/(losses) on financial assets at fair value through profit or loss		-3.7	-2.4	-
Gain on sale of Cayman business	10	4.5	-	-
Adjustments to deferred consideration liabilities	10	-6.8	-3.8	-
Other		5.1	8.9	-43
Net other income/(expense)		**-1.8**	**10.9**	**-**

Negative interest on cash and cash equivalents of CHF 1.4 million is included in the line item 'interest expenses' (2014: zero). The gain on the sale of the Cayman business in the amount of CHF 4.5 million includes losses on translation differences reclassified to the income statement of CHF 0.8 million.

6. Personnel expenses

	Note	2015 CHF m	2014 CHF m	Change in %
Salaries and bonuses		248.7	237.9	5
Social security expenses		21.7	22.6	-4
Defined benefit pension plan expenses	19.2	7.2	11.2	-36
Defined contribution pension plan expenses	19.1	9.3	9.0	3
Share-based payment expenses	9.3/25	7.7	5.4	43
Other personnel expenses		8.6	9.2	-7
Personnel expenses		**303.2**	**295.3**	**3**

The respective line items include CHF 12.1 million of salaries and bonuses as well as 0.7 million of social security expenses in respect of the restructuring. For further information regarding restructuring see Note 18.

7. General expenses

	2015 CHF m	2014 CHF m	Change in %
Occupancy expenses	28.6	28.8	-1
IT expenses	18.3	22.7	-19
Communication and marketing expenses	30.6	28.2	9
Professional services, other fees and charges	15.9	15.2	5
Other	14.2	10.9	30
General expenses	**107.6**	**105.8**	**2**

The line item 'Professional services, other fees and charges' includes CHF 0.3 million of general expenses in respect of the restructuring. For further information regarding restructuring see Note 18.

8. Impairment losses

	2015 CHF m	2014 CHF m
Software	1.9	-
Property and equipment	0.7	-
Investments in associates	-	2.3
Impairment losses	**2.6**	**2.3**

Software
As part of reorganising the Group's operations, the Group has taken the decision to decommission certain software supporting the operations function, which resulted in an impairment loss on capitalised software. For further information regarding restructuring see Note 18.

Property and equipment
The Group has taken the decision to exit from one of its Zurich offices as part of reorganising the Group's operations. As a result, certain leasehold improvements had to be impaired. For further information regarding restructuring see Note 18.

Investments in associates
The investment in QFS Asset Management L.P. was accounted for using the equity method until the full redemption of the interests in QFS in H2 2014. Based on the financial information received an impairment test of the carrying value of the investment in QFS was performed in H2 2014. As a result, an impairment loss of CHF 2.3 million was recognised in 2014.

9. Income tax expenses

9.1. Tax effects recognised in the income statement

	2015 CHF m	2014 CHF m	Change in %
Income tax expense at the Swiss statutory tax rate of 21% (2014: 21%)	37.2	44.1	-
Impact of tax rates differing from Swiss statutory rate	-1.4	-3.7	-
Previously unrecorded tax losses now utilised	-	-0.6	-
Current year losses not recognised	0.2	0.2	-
Prior year adjustments	0.6	-0.7	-
Non-deductible expenses	1.0	1.1	-
Other	-	-0.9	-
Income tax expenses	**37.6**	**39.5**	**-5**

The Group has accumulated unrecognised tax loss carry-forwards amounting to CHF 5.2 million (2014: CHF 4.3 million). CHF 4.7 million (2014: CHF 4.1 million) of this amount will expire within ten years, whilst the remainder amounting to CHF 0.5 million (2014: CHF 0.2 million) has no expiry date.

	2015 CHF m	2014 CHF m	Change in %
Current income tax expenses	35.0	35.8	-2
Deferred income tax expenses	2.6	3.7	-30
Income tax expenses	**37.6**	**39.5**	**-5**

9.2. Tax effects recognised in other comprehensive income

	Pre-tax amount CHF m	Tax amount CHF m	2015 Net of tax amount CHF m
Remeasurements of pension liabilities	-5.2	-0.1	**-5.3**
Net realised (gains)/losses on financial assets available-for-sale reclassified to the income statement	-0.5	-	**-0.5**
Translation differences	-10.6	-	**-10.6**
Net realised (gains)/losses on translation differences reclassified to the income statement	0.8	-	**0.8**
Other comprehensive income	**-15.5**	**-0.1**	**-15.6**

	Pre-tax amount CHF m	Tax amount CHF m	2014 Net of tax amount CHF m
Remeasurements of pension liabilities	-22.8	4.3	**-18.5**
Net gains/(losses) on financial assets available-for-sale	4.6	-0.1	**4.5**
Net realised (gains)/losses on financial assets available-for-sale reclassified to the income statement	-6.2	0.1	**-6.1**
Translation differences	5.4	-	**5.4**
Other comprehensive income	**-19.0**	**4.3**	**-14.7**

9.3. Tax effects recognised directly in equity

Tax effects on share-based payments amounted to a tax charge to equity of CHF 0.3 million (2014: tax charge of CHF 0.8 million). With the share-based payment expenses of CHF 7.7 million (2014: CHF 5.4 million) and these tax effects, CHF 7.4 million (2014: CHF 4.6 million) is included in the respective line item within equity as shown in the consolidated statement of changes in equity.

10. Reconciliation between net profit (IFRS) and underlying net profit

			2015			2014
	IFRS CHF m	Reconciling items CHF m	Underlying CHF m	IFRS CHF m	Reconciling items CHF m	Underlying CHF m
Net management fees and commissions	517.8	-	517.8	542.9	-	542.9
Net performance fees	82.8	-	82.8	65.9	-	65.9
Net fee and commission income	**600.6**	**-**	**600.6**	**608.8**	**-**	**608.8**
Net other income/(expense)	-1.8	2.5	0.7	10.9	3.8	14.7
Income	**598.8**	**2.5**	**601.3**	**619.7**	**3.8**	**623.5**
Personnel expenses	303.2	-13.2	290.0	295.3	-2.1	293.2
General expenses	107.6	-2.7	104.9	105.8	-	105.8
Depreciation and amortisation	9.5	-0.9	8.6	7.8	-	7.8
Impairment losses	2.6	-2.6	-	2.3	-2.3	-
Expenses	**422.9**	**-19.4**	**403.5**	**411.2**	**-4.4**	**406.8**
Profit before taxes	**175.9**	**21.9**	**197.8**	**208.5**	**8.2**	**216.7**
Income tax expenses	37.6	1.8	39.4	39.5	-	39.5
Net profit	**138.3**	**20.1**	**158.4**	**169.0**	**8.2**	**177.2**
Earnings per share						
Basic earnings per share (CHF)	0.87		0.99	1.02		1.07
Diluted earnings per share (CHF)	0.86		0.98	1.01		1.06

Reconciling items

	Note	2015 Acquisition-related items CHF m	2015 Non-recurring items CHF m	2015 Total reconciling items CHF m	2014 Acquisition-related items CHF m	2014 Non-recurring items CHF m	2014 Total reconciling items CHF m
Adjustments to deferred consideration liabilities	5	6.8	-	6.8	3.8	-	3.8
Gain on sale of Cayman business	5	-	-4.5	-4.5	-	-	-
Finance charges on discounted liabilities		0.2	-	0.2	-	-	-
Net other income/(expense)		**7.0**	**-4.5**	**2.5**	**3.8**	**-**	**3.8**
Adjustments to deferred consideration liabilities		-5.5	-	-5.5	-2.1	-	-2.1
Reorganisation charge		-	-7.4	-7.4	-	-	-
Deal and integration costs		-	-0.3	-0.3	-	-	-
Personnel expenses		**-5.5**	**-7.7**	**-13.2**	**-2.1**	**-**	**-2.1**
Reorganisation charge		-	-1.5	-1.5	-	-	-
Deal and integration costs		-	-1.2	-1.2	-	-	-
General expenses		**-**	**-2.7**	**-2.7**	**-**	**-**	**-**
Amortisation of customer relationships		-0.9	-	-0.9	-	-	-
Depreciation and amortisation	16	**-0.9**	**-**	**-0.9**	**-**	**-**	**-**
Reorganisation charge		-	-2.6	-2.6	-	-	-
Impairment of investments		-	-	-	-	-2.3	-2.3
Impairment losses	8	**-**	**-2.6**	**-2.6**	**-**	**-2.3**	**-2.3**
Total reconciling items before taxes		**13.4**	**8.5**	**21.9**	**5.9**	**2.3**	**8.2**
Income tax charges/(credits)		-0.5	2.3	1.8	-	-	-
Total reconciling items after tax		**13.9**	**6.2**	**20.1**	**5.9**	**2.3**	**8.2**

The Group has defined principles for reporting non-IFRS profit information – including labelling, transparency, prominence and presentation, comparability, consistency and materiality – which are considered to be appropriate to meet the needs of users of financial information. The Group discloses underlying before tax and after tax as alternative performance measures representing a measure of earnings adjusted to exclude items which are not viewed as part of the Group's underlying operating activities.

In 2015, the Group updated its policy to have two categories of excluded items, in adherence to the principles mentioned above, being acquisition-related items and non-recurring items.

Below items are stated before taxes.

Acquisition-related items

2015

Adjustments to deferred consideration liability

The Group acquired Arkos Capital SA (subsequently renamed and now known as 'GAM Lugano') in 2012, the Singleterry Mansley business in 2014 and the Renshaw Bay real estate debt business in 2015, all with a deferred consideration element. In 2015, CHF 12.3 million was recognised as additional consideration payable compared to that recognised at acquisition or in subsequent periods.

Finance charges on discounted liabilities

The CHF 0.2 million finance charges on discounted liabilities relate to the deferred consideration elements of the acquisitions of Arkos Capital SA (now 'GAM Lugano'), the Singleterry Mansley business and the Renshaw Bay real estate business.

Amortisation of customer relationships

The CHF 0.9 million amortisation of customer relationships relates to the acquisitions of the Singleterry Mansley business in 2014 and the Renshaw Bay real estate business in 2015.

2014

Adjustments to deferred consideration liability

In 2012, the Group acquired Arkos Capital SA (subsequently renamed and now known as 'GAM Lugano') with a deferred consideration element. In 2014, CHF 5.9 million was recognised as additional consideration payable compared to that recognised at acquisition or in subsequent periods.

Non-recurring items

2015

Gain on sale of Cayman business

In 2015, the Group's Cayman fund administration business was sold to JTC Group Limited. A gain on disposal of CHF 4.5 million (including losses on translation differences reclassified to the income statement of CHF 0.8 million) was recognised based on cash consideration received and a fair value estimate of deferred consideration.

Reorganisation charge

During 2015, the Group has undertaken to reorganise certain aspects of its business resulting in a charge of CHF 11.5 million. The charge includes costs associated with an operational reorganisation resulting in certain administrative functions being outsourced causing redundancies, software being impaired, pension liabilities being curtailed (see Note 19.2 for further information), office facilities being exited, rebranding and certain other redundancies (for further information regarding impairment and restructuring see Notes 8 and 18).

Deal and integration costs

In 2015, the Group acquired the Renshaw Bay real estate business for an initial cash consideration of CHF 11.0 million. As part of the acquisition, CHF 1.3 million of deal and integration costs have been incurred (for further information regarding acquisitions see Note 29). In addition, certain expenses relating to the sale of the Cayman business amounting to CHF 0.2 million were incurred and recognised.

2014

Impairment of investments

An impairment of CHF 2.3 million was recognised on the investment in QFS Asset Management L.P. which was fully redeemed in 2014.

11. Earnings per share and shares outstanding

11.1. Earnings per share

	2015	2014
Basic earnings per share		
Net profit attributable to the shareholders of the Company (CHF m)	138.3	165.8
Weighted average number of shares outstanding (millions)	159.9	162.3
Basic earnings per share (CHF)	**0.87**	**1.02**
Diluted earnings per share		
Net profit attributable to the shareholders of the Company for diluted EPS (CHF m)	138.3	165.8
Weighted average number of shares outstanding (millions)	159.9	162.3
Dilution effect (millions)	0.9	1.2
Weighted average number of shares outstanding for diluted EPS (millions)	160.8	163.4
Diluted earnings per share (CHF)	**0.86**	**1.01**

11.2. Shares outstanding

	Note	2015	2014
Shares issued at the beginning of the year		166,661,731	173,229,660
Cancelled during the year		-3,267,000	-6,567,929
Shares issued at the end of the year		**163,394,731**	**166,661,731**
Treasury shares – share buy-back programme	20	-3,100,000	-3,267,000
Treasury shares – share-based payment plans	20	-2,154,167	-2,176,444
Shares outstanding at the end of the year		**158,140,564**	**161,218,287**

NOTES TO THE CONSOLIDATED BALANCE SHEET

12. Accrued income and prepaid expenses

	31.12.2015 CHF m	31.12.2014 CHF m	Change in %
Accrued fee and commission income	124.3	126.5	-2
Prepayments	9.7	10.0	-3
Accrued other income	1.0	1.5	-33
Accrued income and prepaid expenses	**135.0**	**138.0**	**-2**

13. Financial instruments

13.1. Financial investments and other financial assets

	Note	31.12.2015 CHF m	31.12.2014 CHF m	Change in %
Debt financial assets available-for-sale		0.3	0.2	50
Equity financial assets available-for-sale		25.8	34.3	-25
Derivative financial instruments	13.3	0.9	1.0	-10
Equity financial assets designated at fair value through profit or loss		23.2	83.2	-72
Other non-current financial assets		2.9	2.0	45
Financial investments and other financial assets		**53.1**	**120.7**	**-56**
Current		49.3	117.7	-58
Non-current		3.8	3.0	27
Financial investments and other financial assets		**53.1**	**120.7**	**-56**

13.2. Other and non-current financial liabilities

	Note	31.12.2015 CHF m	31.12.2014 CHF m	Change in %
Derivative financial instruments	13.3	1.1	1.7	-35
Financial liabilities at fair value through profit or loss		35.4	32.4	9
Financial liabilities measured at amortised cost		3.4	3.2	6
Other and non-current financial liabilities		**39.9**	**37.3**	**7**
Current		1.1	1.7	-35
Non-current		38.8	35.6	9
Other and non-current financial liabilities		**39.9**	**37.3**	**7**

13.3. Derivative financial instruments

	Contract/ notional amount CHF m	Positive replacement value CHF m	2015 Negative replacement value CHF m
Foreign exchange derivative financial instruments	48.7	-	0.5
Other derivative financial instruments (index and commodity futures/swaps)	31.7	0.9	0.4
Derivative financial instruments held for trading	**80.4**	**0.9**	**0.9**
Derivative financial instruments designated as fair value hedges (foreign exchange forwards)	17.8	-	0.2
Derivative financial instruments designated as hedging instruments	**17.8**	**-**	**0.2**
Derivative financial instruments	**98.2**	**0.9**	**1.1**

	Contract/ notional amount CHF m	Positive replacement value CHF m	2014 Negative replacement value CHF m
Foreign exchange derivative financial instruments	98.1	-	1.3
Other derivative financial instruments (index and commodity futures/swaps)	95.2	1.0	0.1
Derivative financial instruments held for trading	**193.3**	**1.0**	**1.4**
Derivative financial instruments designated as fair value hedges (foreign exchange forwards)	18.2	-	0.3
Derivative financial instruments designated as hedging instruments	**18.2**	**-**	**0.3**
Derivative financial instruments	**211.5**	**1.0**	**1.7**

Losses of CHF 0.3 million (2014: losses of CHF 2.9 million) on derivative financial instruments designated as hedging instruments and gains of CHF 0.1 million (2014: gains of CHF 2.8 million) on the hedged items attributable to the hedged risk (foreign exchange exposure of equity financial assets available-for-sale) result in a hedge ineffectiveness of CHF 0.2 million (2014: CHF 0.1 million), which is recognised in the income statement in 'net other income/(expense)'.

13.4. Financial instruments by category

	31.12.2015 Carrying amount CHF m	31.12.2014 Carrying amount CHF m
Cash and cash equivalents	632.9	643.9
Trade and other receivables	23.4	31.2
Accrued income	125.3	128.0
Other financial assets	1.9	2.0
Financial assets measured at amortised cost[1]	**783.5**	**805.1**
Financial assets available-for-sale	26.1	34.5
Derivative financial instruments held for trading	0.9	1.0
Financial assets designated at fair value through profit or loss	24.2	83.2
Financial assets at fair value held for trading	11.3	5.7
Financial assets measured at fair value	**62.5**	**124.4**
Financial assets	**846.0**	**929.5**
Trade and other payables	21.9	25.4
Accrued expenses	224.9	249.3
Other financial liabilities	3.4	3.2
Financial liabilities measured at amortised cost	**250.2**	**277.9**
Derivative financial instruments held for trading	0.9	1.4
Derivative financial instruments designated as hedging instruments	0.2	0.3
Financial liabilities designated at fair value through profit or loss	55.1	45.1
Financial liabilities measured at fair value	**56.2**	**46.8**
Financial liabilities	**306.4**	**324.7**

The Group has not disclosed the fair values for financial instruments such as trade and other receivables and payables, because their carrying amounts are a reasonable approximation of fair values. Regarding level in the fair value hierarchy for financial assets measured at fair value see Note 13.5.

The categories ‘financial assets at fair value held for trading’ and ‘financial liabilities designated at fair value through profit or loss’ include the balance sheet line items ‘assets held for sale’ and ‘liabilities held for sale’ which contain the controlled funds’ direct investments in the amount of CHF 18.8 million. Thereof, CHF 11.3 million (31 December 2014: CHF 5.7 million) are invested into financial instruments and CHF 7.5 million (31 December 2014: CHF 8.7 million) into physical commodities. All physical commodities are measured at fair value through profit or loss and categorised within level 1 of the fair value hierarchy. See Note 14 for more information.

13.5. Financial instruments – fair value determination

For financial investments whose prices are quoted in an active market, the fair value is derived directly from the quoted market prices.

For financial instruments for which quoted market prices are not directly available, fair values are estimated using valuation techniques or models based wherever possible on assumptions supported by observable market prices or rates existing at the balance sheet date. This is the case for the majority of OTC derivatives, most unlisted financial instruments, and other items that are not traded in active markets. The main pricing models and valuation techniques applied include forward pricing and swap models using present-value calculations and option models. The values derived from applying these models and techniques are significantly impacted by the choice of the valuation model used and the underlying assumptions made, such as the amounts and timing of future cash flows, discount rates, volatility and credit risk.

Financial instruments measured at fair value subsequent to initial recognition are grouped into levels 1 to 3 based on the degree to which the fair value is observable, i.e.:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of total return swaps over shares is based on the fair value of the underlying shares.
- The fair value of forward foreign exchange contracts is determined by discounting the difference between the contractual forward exchange rate and the current forward exchange rate at the balance sheet date for the residual maturity of the contract.
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value for the remaining financial instruments.

For a small portion of financial instruments, neither quoted market prices nor valuation techniques or models based on observable market prices are available for determining the fair value. In these cases, fair value is estimated indirectly using valuation techniques or models based on reasonable assumptions reflecting market conditions.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 CHF m	Level 2 CHF m	Level 3 CHF m	31.12.2015 **Total** CHF m
Derivative financial instruments	-	0.9	-	**0.9**
Financial assets at fair value through profit or loss	24.8	9.7	1.0	**35.5**
Financial assets available-for-sale	6.3	6.4	13.4	**26.1**
Financial assets measured at fair value	**31.1**	**17.0**	**14.4**	**62.5**
Derivative financial instruments	-	1.1	-	**1.1**
Financial liabilities at fair value through profit or loss	1.4	-	53.7	**55.1**
Financial liabilities measured at fair value	**1.4**	**1.1**	**53.7**	**56.2**

	Level 1 CHF m	Level 2 CHF m	Level 3 CHF m	31.12.2014 **Total** CHF m
Derivative financial instruments	-	1.0	-	**1.0**
Financial assets at fair value through profit or loss	5.7	83.2	-	**88.9**
Financial assets available-for-sale	-	20.2	14.3	**34.5**
Financial assets measured at fair value	**5.7**	**104.4**	**14.3**	**124.4**
Derivative financial instruments	-	1.7	-	**1.7**
Financial liabilities at fair value through profit or loss	0.4	-	44.7	**45.1**
Financial liabilities measured at fair value	**0.4**	**1.7**	**44.7**	**46.8**

The categories ‘financial assets at fair value through profit or loss’ and ‘financial liabilities at fair value through profit or loss’ include the balance sheet line items ‘assets held for sale’ and ‘liabilities held for sale’ which contain the controlled funds’ direct investments in the amount of CHF 18.8 million. Thereof, CHF 11.3 million (31 December 2014: CHF 5.7 million) are invested into financial instruments and CHF 7.5 million (31 December 2014: CHF 8.7 million) into physical commodities. All physical commodities are measured at fair value through profit or loss and categorised within level 1 of the fair value hierarchy. See Note 14 for more information.

Transfers into and transfers out of the fair value hierarchy levels are recognised as of the date of the event or change in circumstances that caused the transfer. On 30 June 2015, financial assets in the amount of CHF 21.7 million (2014: none) were transferred from level 2 to level 1 due to more regularly occurring market transactions which now meet the definition of an active market.

The valuation methods used to determine the fair value of level 3 financial instruments are as follows:
- Financial assets available-for-sale are measured based on the latest available financial information applying the adjusted net asset method. If the Group is aware of other factors impacting the fair value, adjustments are made to best reflect the approximation of fair value.
- Financial liabilities at fair value through profit or loss are measured based on their contractual terms.

The following table presents the changes in level 3 financial instruments:

	Financial assets at fair value through profit or loss CHF m	Financial assets available-for-sale CHF m	**Total financial assets** CHF m	**Financial liabilities at fair value through profit or loss** CHF m
Balance at 1 January 2014	-	13.6	13.6	26.2
Acquisition of business	-	-	-	7.0
Disposals/settlements	-	-1.1	-1.1	-
Total gains/(losses):				
- in profit or loss	-	1.3	1.3	10.7
- in other comprehensive income	-	0.5	0.5	-
Translation differences	-	-	-	0.8
Balance at 31 December 2014	**-**	**14.3**	**14.3**	**44.7**
Additions	-	-	-	-
Acquisition of business			-	4.7
Disposals/settlements	-	-0.8	-0.8	-12.3
Total gains/(losses):			-	-
- in profit or loss	1.1	-	1.1	16.7
- in other comprehensive income	-	-0.2	-0.2	-
Translation differences	-	-	-	-0.1
Balance at 31 December 2015	**1.1**	**13.3**	**14.4**	**53.7**

In 2015, net losses of CHF 15.6 million (2014: net losses of CHF 9.4 million) included in profit or loss relate to level 3 financial instruments held at the end of the reporting period. These gains and losses are included in the line items ‘net other income/(expenses)’ and ‘personnel expenses’. For further information on the financial liabilities see Note 10 regarding adjustments to deferred consideration liability.

Sensitivity of fair value measurements

As in the prior year, no reasonably possible change in the inputs used in determining the fair value would cause the fair value of level 3 financial instruments to change significantly.

14. Assets and liabilities held for sale

From time to time, the Group makes seed capital investments in certain fund products in order to establish track records for new products, to test new investment strategies or to launch a new product at a viable minimum size.

Those financial investments under control in accordance with IFRS 10, which are available for immediate sale and for which management expects to complete the sale within one year, are presented in the balance sheet line items ‘assets held for sale’ and ‘liabilities held for sale’ in accordance with IFRS 5 Non-current Assets Held for Sale. The balance sheet line item ‘assets held for sale’ consists of the controlled funds’ direct investments in financial instruments and direct investments in physical commodities. All physical commodities are measured at fair value through profit or loss and categorised within level 1 of the fair value hierarchy.

	31.12.2015 CHF m	31.12.2014 CHF m
Direct investments in financial instruments	11.3	5.7
Direct investments in physical commodities	7.5	8.7
Assets held for sale	**18.8**	**14.4**

Liabilities held for sale	**1.4**	**0.4**

15. Deferred tax assets and liabilities

15.1. Deferred tax assets

	2015 CHF m	2014 CHF m
Balance at the beginning of the year	32.4	30.4
Recognised in profit or loss	-2.5	-3.7
Recognised directly in equity	-1.2	-1.7
Recognised in other comprehensive income	-1.1	4.3
Acquired in business combination	-	1.7
Translation differences and other adjustments	-1.5	1.4
Balance at the end of the year	**26.1**	**32.4**
Components of deferred tax assets		
Employee compensation and benefits	3.8	1.9
Pension liability	14.2	18.6
Share-based payments	1.9	3.0
Property and equipment	1.7	1.8
Tax loss carry-forwards	2.3	4.9
Other	2.2	2.2
Deferred tax assets at the end of the year	**26.1**	**32.4**

15.2. Deferred tax liabilities

	2015 CHF m	2014 CHF m
Balance at the beginning of the year	-	-
Recognised in profit or loss	0.1	-
Acquired in business combination	1.0	-
Translation differences and other adjustments	-0.1	-
Balance at the end of the year	**1.0**	**-**
Components of deferred tax liabilities		
Intangible assets	0.9	-
Property and equipment	0.1	-
Deferred tax liabilities at the end of the year	**1.0**	**-**

The deferred tax liability acquired in the business combination relates to customer relationships acquired from Renshaw Bay. See Note 29 for further information.

16. Property and equipment, goodwill and other intangible assets

	Property and equipment CHF m	Goodwill CHF m	Customer relation-ships CHF m	Brand CHF m	Software CHF m	**Goodwill and other intangible assets** CHF m
Historical cost						
Balance at 1 January 2014	**81.1**	1,849.8	995.6	273.0	31.4	**3,149.8**
Additions	**3.1**	-	-	-	3.3	**3.3**
Acquisition of business	**-**	2.1	4.6	-	-	**6.7**
Disposals	**-13.6**	-	-	-	-	**-**
Translation differences	**2.4**	0.2	0.5	-	0.6	**1.3**
Balance at 31 December 2014	**73.0**	**1,852.1**	**1,000.7**	**273.0**	**35.3**	**3,161.1**
Additions	**3.3**	-	-	-	5.7	**5.7**
Acquisition of business	**-**	12.4	5.2	-	-	**17.6**
Disposals	**-3.7**	-	-	-	-0.5	**-0.5**
Disposal of subsidiaries	**-0.4**	-	-	-	-	**-**
Translation differences	**-2.1**	-	-	-	-0.5	**-0.5**
Balance at 31 December 2015	**70.1**	**1,864.5**	**1,005.9**	**273.0**	**40.0**	**3,183.4**
Accumulated depreciation, amortisation and impairment losses						
Balance at 1 January 2014	**61.2**	764.4	995.6	-	26.4	**1,786.4**
Additions	**5.3**	-	0.3	-	2.2	**2.5**
Remeasurement of reinstatement provisions	**0.1**	-	-	-	-	**-**
Disposals	**-13.6**	-	-	-	-	**-**
Translation differences	**2.0**	-	-	-	0.6	**0.6**
Balance at 31 December 2014	**55.0**	**764.4**	**995.9**	**-**	**29.2**	**1,789.5**
Additions	**5.9**	-	0.9	-	2.7	**3.6**
Disposals	**-3.7**	-	-	-	-0.5	**-0.5**
Impairment losses	**0.7**	-	-	-	1.9	**1.9**
Disposal of subsidiaries	**-0.3**	-	-	-	-	**-**
Translation differences	**-1.6**	-	-	-	-0.5	**-0.5**
Balance at 31 December 2015	**56.0**	**764.4**	**996.8**	**-**	**32.8**	**1,794.0**
Carrying amounts						
Historical cost	**73.0**	1,852.1	1,000.7	273.0	35.3	**3,161.1**
Accumulated depreciation and amortisation	**55.0**	764.4	995.9	-	29.2	**1,789.5**
Balance at 31 December 2014	**18.0**	**1,087.7**	**4.8**	**273.0**	**6.1**	**1,371.6**
Historical cost	**70.1**	1,864.5	1,005.9	273.0	40.0	**3,183.4**
Accumulated depreciation, amortisation and impairment losses	**56.0**	764.4	996.8	-	32.8	**1,794.0**
Balance at 31 December 2015	**14.1**	**1,100.1**	**9.1**	**273.0**	**7.2**	**1,389.4**

Disposals include derecognition of fully depreciated and amortised assets. There is no capitalised property and equipment arising from finance leases.

Impairment testing – intangible assets

The Group has undertaken an assessment of the carrying value of its intangible assets. When reviewing the carrying value of these assets, the Board of Directors and the Group Management Board consider the current situation of the Group and its prospects by taking into account both Group-specific matters and the broader economic environment in which the Group operates. Significant management judgement is required with respect to the key assumptions used.

Goodwill and brand

The Group holds goodwill on the acquisition of GAM and its investment management activities. In October 2015, additional goodwill of CHF 12.4 million was recognised when the Renshaw Bay real estate debt business was acquired (see Note 29). In June 2014, additional goodwill of CHF 2.1 million was recognised when the business of Singleterry Mansley Asset Management Company (SMAM) was acquired (see Note 29). The brand also relates to the acquisition of GAM. As the brand is directly linked with the ongoing operations of GAM, the brand is considered to have an indefinite useful life.

The Group tests the brand name GAM together with the goodwill for impairment annually, as both relate to the same cash-generating unit, or whenever there are indications that the goodwill and the brand might be impaired, by comparing its carrying amount with its recoverable amount.

The recoverable amount based on the value in use is determined for the respective cash-generating units (i.e. for the smallest identifiable groups of assets that generate cash inflows independently from other assets). In 2015, the cash-generating unit allocated to the goodwill was changed from GAM to Group due to the significant changes occurred within the Group.

The Group uses a model based on the discounted cash flow method to calculate the recoverable amount. The Group estimates the free cash flows expected to be generated from the continuing use of the respective cash-generating units based on its own five-year financial planning, taking into account the following key parameters and their individual components:

- assets under management
- management fee margin on assets under management
- income and expenses
- expected tax rate

Additional key assumptions are the discount rate and terminal growth rate. The Group's approach to determining the key assumptions is based on management's knowledge and reasonable expectations of future business, using internal and external market information, planned business initiatives and other reasonable intentions of management. For that purpose, the Group uses historical information as well as the current and expected market situations and the current and expected future relative market position of its products vis-à-vis its respective competitors and in its industry.

The resulting free cash flows are discounted to their present value, using a pre-tax discount rate of 11.4% (2014: 12.7%) based on the risk-free rate obtained from the yield on 30-year bonds (2014: 30-year bonds) issued by the governments in the relevant markets and in the same currency as the cash flows. The data used in calculating the discount rate originates from information obtained from data service providers and external professional service providers. The discount rates used in the above calculation represent the Group's specific risk-weighted rates. To calculate the recoverable amount of the goodwill, the Group applies a 2.0% (2014: 2.0%) terminal growth rate, which is in line with the Group's expected growth rate of the relevant long-term gross domestic products.

Based on the impairment test performed considering the assumptions above there was no impairment loss in 2015 (2014: none).

Changes in key assumptions

Deviations of actual results versus forecasted/planned key assumptions as well as future changes of any key assumptions based on a differing future assessment of the development of relevant markets and/or the businesses may occur from time to time. Such deviations may result from changes in products, client mix, profitability, types and intensity of personnel resources, general and company-specific personnel costs, new business initiatives and other internal or external factors. These changes may cause the value of the business to alter and therefore either increase or reduce the difference between the carrying value in the balance sheet and the units' recoverable amount or may even lead to a partial impairment of goodwill and the brand.

As in the previous year, no change in the key assumptions, which are deemed to be reasonably possible, would cause the carrying amount of the goodwill and the brand to exceed the recoverable value.

Customer relationships

Prior to 2014, previously recognised customer relationship intangibles were fully amortised. In 2015, customer relationships were recognised with the acquisition of the Renshaw Bay real estate debt business (see Note 29). In 2014, customer relationships were recognised with the acquisition of the business of Singleterry Mansley Asset Management Company (see Note 29). Customer relationships are amortised over their estimated useful life not exceeding a period greater than ten years using the straight-line method.

Whenever there are indications that customer relationships are impaired, the Group uses a discounted cash flow model based on future cash flows attributable to identified customer relationships to determine the recoverable amount.

In 2015 there was no indication that customer relationships may be impaired and therefore, no estimate of the recoverable amount has been made.

Software

As part of reorganising the Group's operations, the Group has taken the decision to decommission certain software supporting the operations function, which resulted in an impairment loss on capitalised software in the amount of CHF 1.9 million. For further information regarding reorganisation see Note 18.

Impairment testing – property and equipment

The Group has taken the decision to exit from one of its Zurich offices as part of reorganising the Group's operations. As a result, certain leasehold improvements in the amount of CHF 0.7 million had to be impaired. For further information regarding reorganisation see Note 18.

17. Accrued expenses and deferred income

	31.12.2015 CHF m	31.12.2014 CHF m	Change in %
Accrued commission expenses	107.2	118.7	-10
Other accrued expenses and deferred income	117.7	130.6	-10
Accrued expenses and deferred income	**224.9**	**249.3**	**-10**

18. Provisions

	Restructuring CHF m	Reinstatement of leasehold improvements CHF m	Other CHF m	2015 Total CHF m
Balance at the beginning of the year	-	3.6	0.1	**3.7**
Provisions made during the year	13.1	0.7	-	**13.8**
Utilised during the year	-0.6	-	-	**-0.6**
Provisions reversed during the year	-	-0.1	-	**-0.1**
Translation differences	-	-0.2	-	**-0.2**
Balance at the end of the year	**12.5**	**4.0**	**0.1**	**16.6**
Current	12.5	1.0	-	**13.5**
Non-current	-	3.0	0.1	**3.1**
Provisions at the end of the year	**12.5**	**4.0**	**0.1**	**16.6**

Restructuring

To reduce internal complexity and increase efficiency, management decided to introduce a consistent operating model for the Group's investment management and private labelling activities which will enable the Group's operations function to focus on the core parts of the value chain: supporting the portfolio management and client servicing activities.

The implementation of the new operating model requires several restructuring actions, including the outsourcing of middle office and fund accounting activities to a specialised external service provider, the alignment of the different portfolio management systems used by the investment teams to manage and execute trades as well as the development and deployment of an integrated fund database for the entire product range, which will serve as a source for all client and regulatory reporting.

The restructuring measures started in the second half of 2015 and are anticipated to be completed by the end of 2016. As a result, the total number of employment roles are estimated to be reduced by approximately 15% over the next 12 months across all locations. Regarding impairment of software and impairment of property and equipment see Note 8.

The restructuring provision was recognised in profit or loss in the following expense line items and is included in the non-recurring reorganisation charge, see Note 10:

	2015 CHF m
Salaries and bonuses	12.1
Social security expenses	0.7
Personnel expenses	**12.8**
General expenses	**0.3**
Restructuring expenses	**13.1**

Reinstatement of leasehold improvements

The Group rents a number of buildings and provides for the reinstatement costs of these in line with the rental agreements. CHF 1.0 million of this provision is expected to be used in 2016, the remainder of this provision is anticipated to be utilised between 2018 and 2022.

19. Pension plans

19.1. Defined contribution pension plans

The Group maintains a number of defined contribution pension plans, primarily outside Switzerland. In the case of defined contribution pension plans, the pension expenses are charged to the income statement in the corresponding financial year. The expenses for contributions to these pension plans amounted to CHF 9.3 million during the 2015 financial year (2014: CHF 9.0 million).

19.2. Defined benefit pension plans

The Group maintains various defined benefit pension plans, mainly in Switzerland and the UK. The plans are exposed to actuarial risks based on the legal provisions in each country. Main risks include investment, interest, disability and longevity risk.

Swiss Plan

The Swiss plan provides benefits in the event of retirement, death or disability. The plan's benefits are based on age, years of service, salary and on an individual savings capital account. The plan is funded by assets held by a foundation. This separate legal entity is governed by a Foundation Board, which is made up of an equal number of employee and employer representatives who have to take all relevant decisions jointly. The Foundation Board is responsible for defining the investment strategy, for making changes to the pension plan regulations and also for defining the financing of the pension benefits. In defining the benefits, the minimum requirements of the Swiss pension law (BVG) and its provisions must be observed. Actuarial calculations are based on the BVG 2010 GT actuarial tables.

The plan is financed by contributions paid by the employees and by the employer. In addition, interest is accrued on the savings capital accounts. The normal retirement age of the plan is 65 years. Upon retiring (including early and partial retirement) insured persons are entitled to a lifelong retirement pension. If they prefer, they may choose to have all or part of their savings paid out as a lump sum instead. The retirement pension is calculated on the basis of the accrued savings capital on the date of retirement and the conversion rate that applies at the time (current rate at the age of 65 is 6.1%). In addition to retirement benefits, the pension plan benefits include disability, partner and children pensions. These will be calculated as a percentage of the employee's annual pensionable salary and are funded by risk premiums contributed by the employees and employer. On leaving the company, the retirement savings will be transferred to the pension plan of the new employer.

If the Swiss plan became significantly underfunded on a Swiss pension law basis, additional employer and employee contributions could be required. In such a situation, the resulting payments are shared between employer and employees, whereby the employer is legally obliged to cover at least 50% of the additional contributions required. The Swiss pension plan has an estimated technical funding ratio under Swiss pension law of 100% as at 31 December 2015 (31 December 2014: 110%) and thus it is not expected that additional contributions will be required in the next year.

UK Plan

GAM UK operates a scheme with a defined benefit section (DB section) and a defined contribution section (DC section). The majority of members are in the DC section following scheme changes made on 31 March 2012. The UK pension scheme provides benefits in the event of retirement or death. The plan's benefits are primarily based on length of service and salary. The DB section was closed to new entrants in January 2004.

The plan is funded by assets that are held in the form of a trust, as a separate legal entity governed by the trustees of the plan. Funding of the DB section is determined by the UK scheme-specific funding regulations whereby the trustees and employer agree on a payment schedule in the event of any underfunding at the date of an actuarial valuation. The last such valuation was performed as at 31 March 2014 and was finalised during 2015. The next actuarial valuation will take place as at 31 March 2017. The trustees are responsible for the investment strategy of the assets held in the trust.

The DB section of the scheme is contracted out of the state second pension on a salary-related basis. The normal retirement age is 60, and the DB section is fully funded by the employer with the DC section being primarily funded by the employer but additionally providing matching of employee contributions based on length of service. Active members of the DB section build up future benefits at an accrual rate of 1/60th based on their frozen final pensionable salary as at 31 March 2012. Deferred members of the DB section receive consumer price index-linked inflationary increases on their accrued past service benefits.

Defined benefit pension plans[1]

	2015 CHF m	2014 CHF m
1. Movement in pension plan obligations and plan assets		
Present value of funded obligations at the beginning of the year	444.0	385.9
Current service cost	12.9	11.0
Interest expense on benefit obligation	11.5	14.1
Gain on curtailment	-5.4	-
Benefits paid	-17.0	-13.0
Actuarial (gains)/losses	-4.8	33.1
Translation differences	-13.6	12.9
Present value of funded obligations at the end of the year	**427.6**	**444.0**
Fair value of plan assets at the beginning of the year	347.8	316.7
Interest income on plan assets	9.1	11.4
Return on plan assets excluding interest income	-10.0	10.3
Employer's contributions	24.6	10.3
Employees' contributions	3.6	3.4
Benefits paid	-17.0	-13.0
Administration expenses	-0.9	-0.9
Translation differences	-10.0	9.6
Fair value of plan assets at the end of the year	**347.2**	**347.8**

[1] Benefit obligations and pension costs appear with a negative sign.

	31.12.2015 CHF m	31.12.2014 CHF m
2. Balance sheet		
Fair value of plan assets	347.2	347.8
Present value of funded obligations	427.6	444.0
Pension liabilities	**-80.4**	**-96.2**
Deferred tax assets	14.2	18.6
Net amount recognised in the balance sheet	**-66.2**	**-77.6**

	Switzerland CHF m	UK CHF m	Rest of the world CHF m	31.12.2015 Total CHF m
Balance sheet by geographical locations and components				
Fair value of plan assets	147.2	196.0	4.0	**347.2**
Present value of funded obligations	175.3	247.7	4.6	**427.6**
Pension liabilities	**-28.1**	**-51.7**	**-0.6**	**-80.4**
Deferred tax assets	4.3	9.6	0.3	**14.2**
Net amount recognised in the balance sheet	**-23.8**	**-42.1**	**-0.3**	**-66.2**
Active members/employees	170.3	15.9	1.4	**187.6**
Deferred members with vested benefits	-	186.5	3.2	**189.7**
Pensioners	5.0	45.3	-	**50.3**
Present value of funded obligations	**175.3**	**247.7**	**4.6**	**427.6**

	Switzerland CHF m	UK CHF m	Rest of the world CHF m	31.12.2014 Total CHF m
Fair value of plan assets	142.6	201.4	3.8	**347.8**
Present value of funded obligations	164.9	274.4	4.7	**444.0**
Pension liabilities	**-22.3**	**-73.0**	**-0.9**	**-96.2**
Deferred tax assets	3.6	14.6	0.4	**18.6**
Net amount recognised in the balance sheet	**-18.7**	**-58.4**	**-0.5**	**-77.6**
Active members/employees	163.1	15.3	2.6	**181.0**
Deferred members with vested benefits	-	208.9	2.1	**211.0**
Pensioners	1.8	50.2	-	**52.0**
Present value of funded obligations	**164.9**	**274.4**	**4.7**	**444.0**

The weighted average duration of the defined benefit pension obligation as at 31 December 2015 is 21.1 years (2014: 21.3 years).

	2015 CHF m	2014 CHF m
3. Amounts recognised in the income statement		
Current service cost	-12.9	-11.0
Gain on curtailment	5.4	-
Interest expense on benefit obligation	-11.5	-14.1
Interest income on plan assets	9.1	11.4
Administration expenses	-0.9	-0.9
Net pension cost for the period	**-10.8**	**-14.6**
Employees' contributions	3.6	3.4
Expense recognised in the income statement	**-7.2**	**-11.2**

	2015 CHF m	2014 CHF m
4. Amounts recognised in other comprehensive income		
Actuarial gains/(losses) based on adjustment of demographic assumptions	2.6	5.1
Actuarial gains/(losses) based on adjustment of financial assumptions	1.0	-52.1
Experience adjustments	1.2	13.9
Return on plan assets excluding interest income	-10.0	10.3
Remeasurements recognised in other comprehensive income	**-5.2**	**-22.8**

	2015 CHF m	2014 CHF m
5. Movement in pension liabilities		
Pension liabilities at the beginning of the year	-96.2	-69.2
Expense recognised in the income statement	-7.2	-11.2
Remeasurements recognised in other comprehensive income	-5.2	-22.8
Employer's contributions	24.6	10.3
Translation differences	3.6	-3.3
Pension liabilities at the end of the year	**-80.4**	**-96.2**
Actual return on plan assets	-0.9	21.7

	Quoted in an active market CHF m	Unquoted CHF m	**Total** CHF m	**31.12.2015** Plan asset allocation in %
6. Asset allocation				
Cash and cash equivalents	5.3	-	**5.3**	1.5
Debt instruments	72.2	-	**72.2**	20.8
Investment funds				
- Money market	1.6	-	**1.6**	0.5
- Equity	114.0	-	**114.0**	32.8
- Bonds	100.9	-	**100.9**	29.1
- Real estate	22.6	-	**22.6**	6.5
- Other	4.4	10.7	**15.1**	4.3
Other investments	15.5	-	**15.5**	4.5
Fair value of plan assets	**336.5**	**10.7**	**347.2**	**100.0**

	Quoted in an active market CHF m	Unquoted CHF m	**Total** CHF m	31.12.2014 Plan asset allocation in %
Cash and cash equivalents	6.5	-	**6.5**	1.9
Debt instruments	46.0	-	**46.0**	13.2
Derivatives	-0.1	-	**-0.1**	0.0
Investment funds				
- Money market	1.6	-	**1.6**	0.5
- Equity	176.8	-	**176.8**	50.8
- Bonds	73.9	-	**73.9**	21.2
- Real estate	18.3	-	**18.3**	5.3
- Other	7.4	9.4	**16.8**	4.8
Other investments	8.0	-	**8.0**	2.3
Fair value of plan assets	**338.4**	**9.4**	**347.8**	**100.0**

The pension plan assets are invested in accordance with local laws and do not include shares of GAM Holding AG.

It is a duty of the Foundation Board and the trustees to review whether the chosen investment strategy is appropriate with a view to providing the pension benefits and whether the investment profile is in line with the demographic structure of the plan members.

The expected employer contributions for the 2016 financial year are estimated at CHF 13.2 million.

Actuarial calculation of funded obligations

The latest actuarial calculation was carried out as at 31 December 2015. The actuarial assumptions are based on local economic conditions.

	Switzerland		UK	
	2015	2014	**2015**	2014
Discount rate	0.90%	1.10%	3.80%	3.75%
Interest credit rate	0.90%	1.50%	n/a	n/a
Future pension increases in deferment	n/a	n/a	1.85%	1.90%
Future pension increases	0.00%	0.00%	2.65–4.10%	2.65–4.10%

Sensitivity analysis

The following table presents a sensitivity analysis for the significant actuarial assumptions showing how the defined benefit pension obligations would have been impacted as a result of a change in the respective actuarial assumptions at the balance sheet date. In addition to the actuarial assumptions, the measurement of the overall net pension liabilities is further affected by changes in the fair value of the plan assets. Changes in the present value of the defined benefit pension obligations are set out below:

					31.12.2015
		Switzerland		UK	
	Change in assumption	Increase in assumption CHF m	Decrease in assumption CHF m	Increase in assumption CHF m	Decrease in assumption CHF m
Discount rate	0.25%	-6.2	6.7	-14.3	15.5
Interest credit rate	0.25%	0.5	-0.5	n/a	n/a
Future pension increases in deferment	0.25%	n/a	n/a	4.9	-4.7
Future pension increases	0.25%	4.0	n/a	7.9	-4.0

					31.12.2014
		Switzerland		UK	
	Change in assumption	Increase in assumption CHF m	Decrease in assumption CHF m	Increase in assumption CHF m	Decrease in assumption CHF m
Discount rate	0.25%	-6.0	6.5	-15.7	17.0
Interest credit rate	0.25%	1.9	-1.8	n/a	n/a
Future pension increases in deferment	0.25%	n/a	n/a	5.4	-5.2
Future pension increases	0.25%	3.7	n/a	8.7	-4.4

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit pension obligation to the significant actuarial assumptions, the same method has been applied as when calculating the pension liabilities recognised in the balance sheet.

Curtailment to existing defined benefit pension plan

The Group announced the reorganisation of its operating model on 11 August 2015 (see Note 18 for further information on the reorganisation). As a result of the planned restructuring measures, the total number of jobs in the Group across all locations is likely to be reduced by approximately 15%.

As a significant reduction in the number of employees covered by defined benefit pension plans occurred in Switzerland a curtailment has been recognised. The resulting effect of the curtailment for the Swiss defined benefit pension plans was a non-cash gain of CHF 5.4 million before taxes.

20. Equity

Share capital

The share capital comprises all issued, fully paid registered shares of the Company.

	Registered shares (CHF 0.05 par)	
	Number	CHF m
Balance at 1 January 2013	183,355,000	9.2
Capital reduction	-10,125,340	-0.5
Balance at 31 December 2013	**173,229,660**	**8.7**
Capital reduction	-6,567,929	-0.4
Balance at 31 December 2014	**166,661,731**	**8.3**
Capital reduction	-3,267,000	-0.1
Balance at 31 December 2015	**163,394,731**	**8.2**
of which treasury shares	5,254,167	

All registered shares are fully paid.

On 15 July 2015, the Company executed the capital reduction resolved by its shareholders at the Company's Annual General Meeting on 30 April 2015 and cancelled 3,267,000 shares repurchased under its share buy-back programmes during 2014. The share capital of the Company now amounts to CHF 8,169,737 (163,394,731 registered shares at a par value of CHF 0.05 per share).

Conditional capital

	Number	CHF m
For warrant and convertible bonds		
Resolution of the Annual General Meeting on 24 June 1993	10,000,000	0.5

There is no authorised capital.

For shares outstanding see Note 11.

Capital reserves

Capital reserves represent the additional proceeds (premium) received from the issue of shares by the Company.

Capital reserves correspond to the amount of capital contribution reserves as reported in the balance sheet and Note 2.9 of the financial statements for the parent company.

Revaluation reserve

The revaluation reserve represents the cumulative unrealised gains and losses arising from fair value changes of financial investments available-for-sale, net of taxes. When such financial investments are derecognised or impaired the related cumulative amount in the revaluation reserve is transferred to the income statement.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations into the presentation currency, Swiss francs.

Treasury shares

Treasury shares comprise the cost of shares of the Company acquired and held by the Group. The Group acquires treasury shares to meet the obligations to deliver shares for the different share-based payment plans and to achieve capital reductions. Both are achieved through the Group's current share buy-back programme.

Treasury shares – share-based payment plans

These treasury shares are held as an economic hedge in respect of the Group's share-based payment plans. For further information regarding details to the share-based payments see Note 25.

The number of shares held by the Company in relation to the Group's share-based payment plans as at 31 December 2015 amounted to 2.2 million, equating to 1.3% of shares in issue (31 December 2014: 2.2 million, equating to 1.3% of shares in issue).

Treasury shares – share buy-back programmes

The 2014–2017 share buy-back programme for the purpose of capital reduction, which commenced on 28 April 2014, is scheduled to run over a maximum period of three years and allows for the purchase of a maximum of 16.7 million shares. As at 31 December 2015, 5.1 million shares had been purchased (31 December 2014: 2.0 million) as part of the 2014–2017 share buy-back programme.

The number of shares held by the Company as part of its 2014–2017 share buy-back programme as at 31 December 2015 amounted to 3.1 million. A request to cancel these shares will be put to the Annual General Meeting to be held on 27 April 2016. The number of shares held by the Company as part of its 2014–2017 share buy-back programme as at 31 December 2014 amounted to 2.0 million. These shares were cancelled in 2015 as described above under the section 'Share Capital'.

The number of shares held by the Company as part of its 2011–2014 share buy-back programme as at 31 December 2014 amounted to 1.2 million. These shares were cancelled in 2015 as described above under the section 'Share Capital'. This share buy-back programme for the purpose of capital reduction ended on 17 April 2014.

Distribution of dividends

In 2015, a dividend of CHF 104.4 million was paid for the financial year 2014 (dividend per share: CHF 0.65). In 2014, a dividend of CHF 105.5 million was paid for the financial year 2013 (dividend per share: CHF 0.65). For the financial year 2015, a dividend of CHF 0.65 per share has been proposed by the Board of Directors. For further information, see the proposed appropriation of available earnings and distribution payment in the financial statements for the parent company.

21. Capital management

The Group continues to actively and prudently manage its capital. In determining our capital targets we follow these basic principles:

- we maintain sufficient capital to ensure that our assets are at all times financed with a commensurate amount of capital, taking into consideration the strategic importance of these assets to the Group as well as their respective liquidity and tail risks;
- our capital should at all times provide us with a sufficiently robust buffer to absorb severe unexpected losses (or other calls on capital) in those remote instances when they could exceed our earnings capacity. For this purpose, capital is defined as the tangible equity (i.e. total book equity excluding non-controlling interests, goodwill and other intangible assets) and on 31 December 2015 amounted to CHF 487.0 million (31 December 2014: CHF 540.6 million);
- the Group and all of its legal entities will at all times maintain sufficient regulatory capital to meet their applicable local regulatory requirements;
- the Group believes that a strong capital position is of critical importance in retaining the confidence of its clients and ensuring maximum financial and strategic flexibility; and
- excess capital not required for organic growth or for targeted accretive acquisitions will be returned to shareholders as efficiently as possible.

The Group is supervised and regulated on a consolidated basis by the Swiss Financial Market Supervisory Authority FINMA. Consequently, the Group's governance, internal controls and available capital are reviewed on a regular basis by the Group Management Board and Board of Directors. Individual members of the Group are regulated by relevant regulatory authorities in Switzerland, United Kingdom, Luxembourg, Italy, Spain, Germany, Ireland, Japan, China (Hong Kong), United States of America, and Bermuda.

Regulatory capital requirements are based on factors such as an entity's level of assets under management, its fixed expenditures and/or the size and quality of its financial assets and liabilities. All Group entities currently maintain an appropriate level of capital resources relative to their respective applicable capital requirements. The aggregation of the current regulatory minimum capital requirements across the Group as at 31 December 2015 amounted to approximately CHF 89 million (31 December 2014: CHF 85 million). The aggregate minimum regulatory capital requirement remains exposed to exchange rate fluctuations between the relevant Group entities' respective functional currency and the Swiss franc, the ongoing development of the business, and changes in regulatory requirements.

ADDITIONAL NOTES

22. Financial risk

Financial risk
For the purpose of this section, the Group is guided by IFRS 7 and accordingly report its exposure to credit, market, liquidity and financing risks from the use of financial instruments.

As asset managers, our operating entities act in an agency capacity, investing assets entrusted to them by their clients. These investments carry with them associated market, credit and liquidity risks that are borne by the Group's clients and not by our operating entities and therefore do not form part of this financial risk section. They will nevertheless affect the growth of the Group's assets under management.

Credit risk
Credit risk is the risk that the Group's counterparties will not be able or willing to pay interest, re-pay principal, or otherwise fulfill their contractual obligations when they fall due. The Group is exposed to credit risk arising from (i) placing its cash and cash equivalents in the form of bank deposits, (ii) its receivables and accrued income, (iii) engaging in OTC transactions to hedge foreign exchange or equity price risks, and (iv) financial investments and other financial assets.

The Group is not engaged in off-balance sheet transactions for its own account. The maximum amount of its credit risk exposure therefore is limited to the carrying amount of the relevant financial assets as indicated in the balance sheet.

The Group's credit risk exposure arising from derivative financial instruments is included in the balance sheet position financial investments (see Note 13.1 and 13.3) and represents the positive replacement value of the underlying contracts.

The Group manages and controls its credit risk by entering into relationships with a range of creditworthy counterparties to limit any significant concentrations, and also by monitoring exposures in relation to their ageing. The Group's bank counterparty policy establishes high internal credit and rating standards for acceptable bank counterparties as well as exposure limits per counterparty. The Group's receivables and accrued income exposures, by the very nature of the Group's business, exhibit a very high credit quality and are well-diversified. As a result of the high quality of the Group's counterparties and by avoiding undue concentrations, the Group does not expect to incur any material credit losses on its financial assets.

The following table shows the Group's maximum exposure to credit risk as at the balance sheet date, which represents the exposure in the event of other parties failing to meet their obligations. For financial assets, these exposures are typically the gross carrying amount, net of any amounts offset on the balance sheet or any impairment losses recognised.

Maximum exposure to credit risk

	31.12.2015 CHF m	31.12.2014 CHF m
Cash and cash equivalents	632.9	643.9
Trade and other receivables	23.4	31.2
Accrued income	125.3	128.0
Financial investments and other financial assets	4.1	3.2
Total	**785.7**	**806.3**

As at the balance sheet date, there are no financial assets that are impaired (31 December 2014: none) and there is no indication of any material negative impact on the credit quality of any financial asset. No significant impairment losses were recorded on financial assets exposed to credit risk in 2015.

The following table provides an analysis of the ageing of financial assets with credit risk exposure.

Ageing of financial assets with credit risk exposure

	31.12.2015 CHF m	31.12.2014 CHF m
Not past due	784.4	804.1
Past due less than 3 months	1.2	1.3
Past due 3–12 months	0.1	0.8
Past due more than 12 months	-	0.1
Total	**785.7**	**806.3**

Market risk

Market risk is the risk of loss due to fluctuations in market variables such as foreign exchange rates, equity prices and interest rates. The Group classifies exposures to market risk into currency risk, equity price risk and interest rate risk. The Group has no significant concentration of market risk, beyond that relating to its financial investments, which predominantly relate to investments in funds.

Currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. As a result of its worldwide operations, the Group is exposed to movements in foreign exchange rates in relation to its operating results as well as to assets and liabilities contained within each entity's balance sheet, which can lead to foreign currency gains or losses. The Group's revenues are predominantly generated in US dollars and euros, whereas its expenses are incurred mainly in British pounds and Swiss francs. In accordance with the Group's risk policy, each entity within the Group continually monitors its foreign currency exposure and actively seeks to minimise its net balance sheet exposure on foreign currency positions in relation to its functional currency. Net exposures result from net positions of assets and liabilities in the same foreign currency. In the case of such net exposure on foreign currency positions, hedging strategies may be used, from time to time, to ensure that there is no material adverse effect on the Group's cash flows and profits.

The following exchange rates were used for the major currencies:

	Year-end exchange rates		Average exchange rates for the year[1]	
	31.12.2015	31.12.2014	**2015**	2014
USD/CHF	1.0010	0.9937	0.9645	0.9193
EUR/CHF	1.0874	1.2024	1.0640	1.2125
GBP/CHF	1.4754	1.5494	1.4708	1.5119

[1] Average calculated with 12 month-end values (January to December).

Equity price risk is the risk that the fair value of an equity investment will fluctuate as a result of changes in equity prices, whether caused by factors specific to an individual investment, its issuer or other factors affecting instruments traded in the market. The Group is exposed to equity price risk resulting from investments held by the Group and classified as (i) equity financial assets available-for-sale, and (ii) financial assets designated at fair value through profit or loss. The Group makes seed capital investments in certain fund products in order to establish track records for new products, to test new investment strategies or to launch a new product at a viable minimum size. In addition, the Group may, from time to time, hold a limited amount of product management investments in fund products to facilitate investor redemptions and switches. All seed capital and product management investments require the joint approval of the Group Chief Executive Officer and the Group Chief Financial Officer and they are periodically reviewed by the Group Management Board and the Audit Committee of the Board of Directors in order to ensure that their individual and aggregated size and risk profile are within the exposure limits as defined by the Group's risk policy.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's income and operating cash flows are substantially independent of changes in interest rates, which is why the related Group risk exposure is minimal.

The following table shows the interest-bearing financial instruments by their interest rate profile.

Interest rate profile

	31.12.2015 CHF m	31.12.2014 CHF m
Variable rate instruments		
Financial assets	635.2	646.1
Financial liabilities	-	-
Net amount	**635.2**	**646.1**
Fixed rate instruments		
Financial assets	0.3	0.2
Financial liabilities	-	-
Net amount	**0.3**	**0.2**

The variable interest-bearing financial assets include cash and cash equivalents of CHF 632.9 million and rent deposits of CHF 2.3 million, on which no significant exposure to interest rate risk is expected. Furthermore, the Group has no exposure to interest rate risk on financial liabilities.

Liquidity and financing risk

Liquidity risk is the risk of the Group being unable to meet its payment obligations when they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, without incurring unacceptable losses or risking damage to the Group's reputation. The total amount of available liquidity is continuously monitored and periodically reported to the Group Management Board and the Audit Committee of the Board of Directors.

The following table shows an analysis of the Group's financial assets and liabilities by remaining contractual maturities as at the balance sheet date. Contrary to the balance sheet presentation, these amounts include the total of contractual future undiscounted interest payments related to these financial assets and liabilities.

Remaining contractual maturities of financial assets

	On demand CHF m	Due within 3 months CHF m	Due within 3–12 months CHF m	Due within 1–5 years CHF m	Due after 5 years CHF m	**Total CHF m**
Cash and cash equivalents	499.2	133.7	-	-	-	**632.9**
Trade and other receivables	1.3	21.1	1.0	-	-	**23.4**
Accrued income	-	123.2	2.1	-	-	**125.3**
Financial investments and other financial assets	-	-	0.2	2.4	0.6	**3.2**
Non-derivative financial assets at 31 December 2015	**500.5**	**278.0**	**3.3**	**2.4**	**0.6**	**784.8**
Derivatives – inflows	-	-	0.9	-	-	**0.9**
Derivatives – outflows	-	-	-	-	-	**-**
Derivative financial assets at 31 December 2015	**-**	**-**	**0.9**	**-**	**-**	**0.9**
Cash and cash equivalents	483.8	160.1	-	-	-	**643.9**
Trade and other receivables	2.1	27.1	2.0	-	-	**31.2**
Accrued income	-	125.5	2.5	-	-	**128.0**
Financial investments and other financial assets	-	-	-	1.9	0.3	**2.2**
Non-derivative financial assets at 31 December 2014	**485.9**	**312.7**	**4.5**	**1.9**	**0.3**	**805.3**
Derivatives – inflows	-	5.5	1.0	-	-	**6.5**
Derivatives – outflows	-	-5.5	-	-	-	**-5.5**
Derivative financial assets at 31 December 2014	**-**	**-**	**1.0**	**-**	**-**	**1.0**

Remaining contractual maturities of financial liabilities

	On demand CHF m	Due within 3 months CHF m	Due within 3–12 months CHF m	Due within 1–5 years CHF m	Due after 5 years CHF m	**Total** CHF m
Trade and other payables	0.6	39.5	0.1	-	-	**40.2**
Accrued expenses	-	219.7	5.0	-	-	**224.7**
Non-current financial liabilities	-	-	-	37.4	1.4	**38.8**
Non-derivative financial liabilities at 31 December 2015	**0.6**	**259.2**	**5.1**	**37.4**	**1.4**	**303.7**
Derivatives – inflows	-	-66.5	-	-	-	**-66.5**
Derivatives – outflows	-	67.2	0.4	-	-	**67.6**
Derivative financial liabilities at 31 December 2015	**-**	**0.7**	**0.4**	**-**	**-**	**1.1**
Trade and other payables	-	37.0	0.7	-	-	**37.7**
Accrued expenses	-	245.4	3.9	-	-	**249.3**
Non-current financial liabilities	-	-	-	35.0	0.6	**35.6**
Non-derivative financial liabilities at 31 December 2014	**-**	**282.4**	**4.6**	**35.0**	**0.6**	**322.6**
Derivatives – inflows	-	-110.8	-	-	-	**-110.8**
Derivatives – outflows	-	112.4	0.1	-	-	**112.5**
Derivative financial liabilities at 31 December 2014	**-**	**1.6**	**0.1**	**-**	**-**	**1.7**

Net remaining contractual maturities of financial assets and liabilities

	On demand CHF m	Due within 3 months CHF m	Due within 3–12 months CHF m	Due within 1–5 years CHF m	Due after 5 years CHF m	**Total** CHF m
Financial assets	500.5	278.0	4.2	2.4	0.6	**785.7**
Financial liabilities	-0.6	-259.9	-5.5	-37.4	-1.4	**-304.8**
Net financial assets/(liabilities) at 31 December 2015	**499.9**	**18.1**	**-1.3**	**-35.0**	**-0.8**	**480.9**
Financial assets	485.9	312.7	5.5	1.9	0.3	**806.3**
Financial liabilities	-	-284.0	-4.7	-35.0	-0.6	**-324.3**
Net financial assets/(liabilities) at 31 December 2014	**485.9**	**28.7**	**0.8**	**-33.1**	**-0.3**	**482.0**

23. Reporting by segment

IFRS 8 Operating Segments requires disclosures to reflect the information that the Group Management Board, being the body that is the Group's chief operating decision maker, uses to assess performance and to allocate resources. The Group is managed as a single business segment for reporting and control purposes, offering different investment management solutions and products across multiple asset classes and strategies that are managed across a range of products, distribution channels and geographic regions.

Discrete financial information is prepared to allow for an analysis at different levels. However the Group Management Board reviews and uses for its decisions the aggregated financial information at Group level only.

Information about geographical areas

	2015 Income CHF m	2014 Income CHF m	31.12.2015 Non-current assets CHF m	31.12.2014 Non-current assets CHF m
Switzerland	180.4	204.4	1,366.7	1,373.0
Rest of Europe	350.4	351.1	28.1	7.2
Americas	51.1	46.8	7.7	9.0
Rest of the world	16.9	17.4	1.0	0.4
Total	**598.8**	**619.7**	**1,403.5**	**1,389.6**

The geographical information for non-current assets is based on the location where the assets are held and represent property and equipment as well as intangible assets. The income is attributed based on the country of domicile of the Group entity providing the service.

The information about geographical areas is disclosed in accordance with IFRS requirements and does not reflect the way the Group manages its business.

24. Related party transactions

	2015 CHF m	2014 CHF m
Salaries and other short-term employee benefits	12.8	16.0
Share-based payment expenses	5.9	3.9
Post-employment benefits	0.5	0.7
Long-term employee benefits	2.7	1.0
Social security expenses	1.2	1.7
Key management personnel compensation	**23.1**	**23.3**

Key management personnel consists of the Board of Directors and the Group Management Board of GAM Holding AG.

GAM Holding AG or its subsidiaries obtain from time to time legal advice from, amongst other law firms, Homburger AG, Attorneys-at-law, Zurich, Switzerland. Mr Daniel Daeniker, member of the Board of Directors of GAM Holding AG, is one of more than 30 partners at Homburger AG. These mandates are not considered material either to Homburger AG or to GAM Holding AG. Furthermore, Mr Daeniker does not work on any such mandate for GAM Holding AG or its subsidiaries. Mr Daeniker's independence to fulfil his mandate as a member of the Board of Directors of GAM Holding AG is therefore ensured.

With effect from 1 July 2015, Larissa Alghisi Rubner, Group Head of Communications, became a member of the Group Management Board. Michele Porro, member of the Group Management Board until 30 June 2015, left the Company.

With effect from 8 September 2014, Alexander S. Friedman became a new member of the Group Management Board and assumed the role of Group Chief Executive Officer. Prior to that date, David M. Solo acted as Group Chief Executive Officer and subsequently left the Group Management Board.

With effect from 1 October 2015, Richard McNamara joined the Group and became a member of the Group Management Board assuming the role of Group Chief Financial Officer. Prior to that date, Marco Suter acted as Group Chief Financial Officer and subsequently left the Group Management Board.

For information on compensation, loans and share and option holdings of the Board of Directors and the Group Management Board in accordance with the Swiss Code of Obligations please refer to the Group's 2015 Compensation Report.

25. Share-based payments

The plans described below reflect the situation as at 31 December 2015. The registered shares that the Company requires to settle obligations under the Group's share-based payment plans are procured in the market. For further details on the plans please refer to the Group's 2015 Compensation Report.

The share-based payment expenses recognised for the various plans are as follows:

	2015 CHF m	2014 CHF m
Share plans for the Group Management Board	0.9	0.7
Share plans for members of the Board of Directors	0.9	1.1
Other share plans	0.5	-
Variable Restricted Share (VRS) grant	0.1	-
Three-year Variable Restricted Share (VRS) Scheme for members of the Group Management Board	0.8	0.7
Five-year Variable Restricted Share (VRS) Scheme for the Group CEO	2.7	0.7
2013 Deferred Compensation Scheme	1.8	2.0
2009 Long-Term Incentive Plan	-	0.2
Share-based payment expenses	**7.7**	**5.4**

Share plans for the Group Management Board

On each of the five business days from 1 March 2016 to 7 March 2016, the members of the Group Management Board (including the Group CEO) will be granted GAM Holding AG shares as a variable deferred element of their total compensation for 2015. These shares will vest in three equal tranches on the first three anniversaries of the last grant date (7 March 2016) subject to recipients continuing to be employed with the Group on the vesting date or having retired and not subsequently taken up employment outside of the Group. The shares will be delivered three years after the last grant date.

The number of shares granted at each grant date will be determined by dividing the predetermined aggregate fair value per grant (one fifth of the total grant for each of the five grant dates) by the fair value per share based on each grant day's closing share price.

The aggregate fair value of these shares amounts to CHF 2.4 million and is recognised as an expense over the relevant vesting period starting 1 January 2015. CHF 0.8 million was recognised as an expense in 2015.

On 20 January 2015, the Group CEO was granted 17,787 GAM Holding AG shares with a fair value of CHF 15.45 per share as part of his variable compensation for 2014. The shares will be delivered three years after their grant date. The aggregate fair value of these shares amounted to CHF 0.3 million and CHF 0.1 million was recognised as an expense in 2015 (2014: CHF 0.2 million).

On 30 January 2014, the former Group CEO was granted 33,223 GAM Holding AG shares with a fair value of CHF 15.05 per share (closing price on 29 January 2014) as part of his variable compensation for 2013. The shares will be delivered over a three-year period in three tranches following the grant date. The aggregate fair value of these shares amounted to CHF 0.5 million and was fully recognised as an expense in 2014.

Share plans for members of the Board of Directors

On 1 May 2015, the members of the Board of Directors were granted the right to receive an aggregate total of 42,349 shares at a fair value of CHF 21.25 per share. These rights will vest and be delivered on the day before the Company's 2016 Annual General Meeting, subject to certain conditions being met. The fair value at grant date is recognised as an expense over the relevant vesting period. In 2015, an expense of CHF 0.6 million was recognised.

On 24 April 2014, the members of the Board of Directors were granted the right to receive an aggregate total of 63,290 shares at a fair value of CHF 15.80 per share. These rights will vest and be delivered on the day before the Company's 2015 Annual General Meeting in April 2015, subject to certain conditions being met. Expenses are allocated over the relevant vesting period. In 2015, an expense of CHF 0.3 million was recognised (2014: CHF 0.7 million).

Other share plans
Between 7 September 2015 and 5 October 2015 certain new employees were granted 211,495 GAM Holding AG shares with a fair value between CHF 13.27 and CHF 17.21 per share. The shares will vest in three to five equal, yearly tranches, on the following three to five anniversaries of the respective grant dates, subject to the recipients continuing to be employed with the Group on each vesting date.

The aggregate fair value of these share plans amounted to CHF 3.3 million and CHF 0.5 million was recognised as an expense in 2015.

Variable Restricted Share (VRS) grant
On 5 October 2015, one new employee received a one-time long-term incentive award in the form of 232,699 VRS units (options) which will vest in three equal tranches on the third, fourth and fifth anniversaries of the grant date subject to the employee continuing to be employed with the Group at each vesting date. The final number of shares received is dependent on the performance of the GAM Holding AG shares over the five years following the grant of the VRS units:
- Should the share price fail to increase relative to the price on the grant date (CHF 17.45), the employee will receive zero GAM Holding AG shares. The award is therefore fully at risk.
- The target share price appreciation for the GAM Holding AG share over the five-year vesting period is set at 65%.
- If the 65% target increase is achieved, then each VRS unit will entitle the employee to one GAM Holding AG share.
- Should the share price appreciate by 371% (4.71 times the share price on the date of grant) or more, he is entitled to two GAM Holding AG shares per VRS unit. Hence, awards are capped at two times the number of VRS units originally granted.
- For increases in the GAM Holding AG share price between 0% and 371% the value of shares delivered for each VRS unit will vary linearly.

The VRS units will be automatically physically settled five years after the grant date. The settlement price of the VRS units is determined by taking the shares' average daily closing price on the 124 trading days prior to the vesting date.

As at the date of grant, the aggregate fair value of the VRS units amounted to CHF 1.3 million. The fair value at grant date is recognised as an expense over the relevant vesting period. In 2015, an expense of CHF 0.1 million was recognised. The VRS units were valued using a Monte-Carlo simulation approach. No VRS units were exercised during 2015. Thus, the number and weighted average exercise prices of VRS units under this scheme remained unchanged since the grant date.

The inputs used in the measurement of the fair value at grant date were as follows:

	VRS units granted on 5 October 2015
Fair value of VRS units and assumptions	
Fair value of VRS units at grant date	5.80
Average remaining contractual life (in months)	57
Share price at grant date	17.45
Exercise price (equals share price at grant date)	17.45
Expected volatility	30.40%
Expected dividend yield	5.00%
Risk-free interest rate	-0.74%

Three-year Variable Restricted Share (VRS) Scheme for members of the Group Management Board

On 20 January 2015, members of the Group Management Board (excluding the Group CEO) received 425,695 VRS units (options) as a variable deferred element of their total compensation for 2014 which will vest in three equal tranches on the first three anniversaries of the grant date subject to recipients continuing to be employed with the Group on the vesting date or having retired and not subsequently taken up employment outside of the Group. Should a recipient who has retired take up employment outside of the Group, the granted VRS units other than those which vested prior to the date of retirement will become forfeit. The final number of shares received is dependent on the performance of the GAM Holding AG shares over the three years following the grant of the VRS units:

- Should the share price fail to increase relative to the price on the grant date (CHF 15.45), the plan participants will receive zero GAM Holding AG shares. The award is therefore fully at risk.
- The target share price appreciation for the GAM Holding AG share over the three-year vesting period is set at 50%.
- If the 50% target increase is achieved, then each VRS unit will entitle the plan participants to one GAM Holding AG share.
- Should the share price appreciate by 200% (three times the share price on the date of grant) or more, they are entitled to two GAM Holding AG shares per VRS unit. Hence, awards are capped at two times the number of VRS units originally granted.
- For increases in the GAM Holding AG share price between 0% and 200% the value of shares delivered for each VRS unit will vary linearly.

The VRS units will be automatically physically settled three years after the grant date. The settlement price of the VRS units is determined by taking the shares' average daily closing price on the 124 trading days prior to the vesting date.

As at the date of grant, the aggregate fair value of the VRS units amounted to CHF 2.0 million. The fair value at grant date is recognised as an expense over the relevant vesting period starting 1 January 2014. In 2015, an expense of CHF 0.8 million was recognised (2014: CHF 0.7 million). The VRS units were valued using a Monte-Carlo simulation approach.

The inputs used in the measurement of the fair values at grant date were as follows:

	VRS units granted on 20 January 2015
Fair value of VRS units and assumptions	
Fair value of VRS units at grant date	4.81
Average remaining contractual life (in months)	25
Share price at grant date	15.45
Exercise price (equals share price at grant date)	15.45
Expected volatility	27.40%
Expected dividend yield	5.00%
Risk-free interest rate	-0.72%

Five-year Variable Restricted Share (VRS) Scheme for the Group CEO

On 29 September 2014, the Group CEO received a one-time long-term incentive award in the form of 1,122,020 VRS units (options) which will vest in five equal tranches on the first five anniversaries of the grant date subject to the Group CEO continuing to be employed with the Group. For IFRS purposes, as the first tranche contains a two-year service condition, the related expenses will be recognised over the first two years following the grant date. The final number of shares received is dependent on the performance of the GAM Holding AG shares over the five years following the grant of the VRS units:

- Should the share price fail to increase relative to the price on the grant date (CHF 16.70), the Group CEO will receive zero GAM Holding AG shares. The award is therefore fully at risk.
- The target share price appreciation for the GAM Holding AG share over the five-year vesting period is set at 65%.
- If the 65% target increase is achieved, then each VRS unit will entitle the Group CEO to one GAM Holding AG share.
- Should the share price appreciate by 371% (4.71 times the share price on the date of grant) or more, he is entitled to two GAM Holding AG shares per VRS unit. Hence, awards are capped at two times the number of VRS units originally granted.
- For increases in the GAM Holding AG share price between 0% and 371% the value of shares delivered for each VRS unit will vary linearly.

The VRS units will be automatically physically settled five years after the grant date. The settlement price of the VRS units is determined by taking the shares' average daily closing price on the 124 trading days prior to the vesting date.

As at the date of grant, the aggregate fair value of the VRS units amounted to CHF 7.5 million. The fair value at grant date is recognised as an expense over the relevant vesting period. In 2015, an expense of CHF 2.7 million was recognised (2014: CHF 0.7 million). The VRS units were valued using a Monte-Carlo simulation approach. No VRS units were exercised during 2015. Thus, the number and weighted average exercise prices of VRS units under this scheme remained unchanged since the grant date.

The inputs used in the measurement of the fair values at grant date were as follows:

	VRS units granted on 29 September 2014
Fair value of VRS units and assumptions	
Fair value of VRS units at grant date	6.67
Average remaining contractual life (in months)	45
Share price at grant date	16.70
Exercise price (equals share price at grant date)	16.70
Expected volatility	32.99%
Expected dividend yield	5.00%
Risk-free interest rate	0.06%

2013 Deferred Compensation Scheme

On 25 June 2013, members of the Group Management Board (excluding the Group CEO) and select key position holders received 3,146,426 share-based grants (options) as a variable deferred element of their total compensation for 2013. The options (each option corresponding to one GAM Holding AG share with physical settlement) carry an exercise price of CHF 14.00 (closing price of the share on 24 June 2013) and will vest on 15 August 2016, subject to recipients continuing to be employed with the Group on the vesting date. It is the current intention of the Company to settle these options by delivering only that number of GAM Holding AG shares equivalent to the difference in value between the exercise price and the share's average daily closing price on the 124 trading days prior to vesting (physical net settlement).

As at the date of grant, the aggregate fair value of the options amounted to CHF 6.2 million. The fair value at grant date is recognised as an expense over the relevant vesting period. In 2015, an expense of CHF 1.8 million was recognised (2014: CHF 2.0 million). The options were valued using a Monte-Carlo simulation approach. 178,571 options were forfeited during 2015. The number of outstanding options as at 31 December 2015 was 3.0 million (31 December 2014: 3.1 million).

The inputs used in the measurement of the fair values at grant date were as follows:

	Options vesting on 15 August 2016
Fair value of share options and assumptions	
Fair value of options at grant date	1.97
Average remaining contractual life (in months)	7.5
Share price at grant date	14.00
Exercise price	14.00
Expected volatility	31.25%
Expected dividend yield	4.50%
Risk-free interest rate	0.17%

2009 Long-Term Incentive Plan

On 28 October 2009, to mark the independent listing of GAM Holding AG, the Board of Directors approved the granting of options (each option corresponding to one share with physical settlement) over the Company's shares to every officer and employee of the Group. Since 2010, further options have been granted under this plan, principally to new employees of the Group. It is the current intention of the Company to settle these options by delivering to officers and employees only that number of GAM Holding AG shares equivalent to the difference in value between the exercise price and the share price as at the date of exercise (net physical settlement).

The fair value at grant date is recognised as an expense over the relevant vesting period. In 2015, no expense was recognised (2014: CHF 0.2 million).

In the first half of 2015, 1.0 million share options from the 2009 long-term incentive plan were exercised. The number of outstanding options as at 31 December 2015 was zero (31 December 2014: 1.0 million).

26. Commitments

26.1 Future commitments under operating leases

	31.12.2015 CHF m	31.12.2014 CHF m
Maturity of up to 1 year	18.1	20.2
Maturity within 1–5 years	45.4	58.8
Maturity within 5–10 years	5.1	10.6
Future commitments under operating leases	**68.6**	**89.6**

The Group has non-cancellable operating leases for premises that usually include renewal options and escalation clauses, but no restrictions imposed by lease arrangements.

Operating lease expense, included in general expenses, was CHF 18.8 million for 2015 (2014: CHF 18.9 million).

Future sublease payments of CHF 3.7 million are expected to be received within four years.

26.2 Contractual commitments for the acquisition of assets

The Group has entered into a contract to purchase software licenses in the amount of CHF 5.0 million (2014: CHF 9.5 million for software licenses, platform, enhancement and implementation costs).

27. Consolidated entities

Listed company

	Place of listing	Capitalisation as at 31.12.2015 CHF m	Head office	Share capital CHF m
GAM Holding AG	SIX Swiss Exchange	2,729	Zurich	8.170

Swiss securities number: 10265962, Reuters: GAMH.VX, Bloomberg: GAM VX

Unlisted subsidiaries

	Country of incorporation	Equity interest in %
GAM Group AG	Switzerland	100
GAM (Schweiz) AG	Switzerland	100
GAM Anlagefonds AG	Switzerland	100
GAM Ltd.	Bermuda	100
GAM Investment Management Lugano SA	Switzerland	100
GAM (UK) Ltd.	UK	100
GAM Investment Managers Ltd.	UK	100
GAM International Management Ltd.	UK	100
GAM London Ltd.	UK	100
GAM Sterling Management Ltd.	UK	100
GAM (Guernsey) GP Ltd.	Guernsey	100
Renshaw Bay GP1 Ltd.	Guernsey	100
RB REFS 1 Ltd.	UK	100
RB REFS 2 Ltd.	UK	100
Renshaw Bay GP4 LLP	UK	100
GAM Fund Management Ltd.	Ireland	100
GAM Investment Management Singapore Pte. Ltd.	Singapore	100
GAM Singapore Pte Ltd. (in liquidation)	Singapore	100
GAM Hong Kong Ltd.	Hong Kong	100
GAM Japan Ltd.	Japan	100
GAM USA Inc.	USA	100
GAM Services Inc.	USA	100
GAM US Holding Inc.	USA	100
GAM (Switzerland) Holding AG	Switzerland	100
GAM Investment Management (Switzerland) AG	Switzerland	100
GAM Services (Italia) S.r.l.	Italy	100
GAM (Italia) SGR S.p.A.	Italy	100
GAM (Luxembourg) S.A.	Luxembourg	100
(including a branch office in Spain)		
GAM (Deutschland) GmbH	Germany	100

Regarding consolidated structured entities see Note 28. All voting rights equal the equity interest.

Changes to subsidiaries consolidated
Swiss & Global Fund Administration (Cayman) Ltd. was sold and GAM (Guernsey) GP Ltd. was established.
Renshaw Bay GP1 Ltd, RB REFS 1 Ltd., RB REFS 2 Ltd. and Renshaw Bay GP4 LLP were acquired.
GAM Advisory (Luxembourg) S.A. and GAM (Luxembourg) S.A. have merged.

During 2015, the following subsidiaries changed names:
Swiss & Global Asset Management Holding AG, name changed to GAM (Switzerland) Holding AG
Swiss & Global Asset Management AG, name changed to GAM Investment Management (Switzerland) AG
Swiss & Global Asset Management Kapital AG, name changed to GAM (Deutschland) GmbH
Swiss & Global Asset Management (Italia) SGR S.p.A., name changed to GAM (Italia) SGR S.p.A.
Swiss & Global Services (Italia) S.r.l., name changed to GAM Services (Italia) S.r.l.
Swiss & Global Asset Management (Luxembourg) S.A., name changed to GAM (Luxembourg) S.A.
Swiss & Global Advisory S.A. Luxembourg, name changed to GAM Advisory (Luxembourg) S.A.

28. Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Group acts as investment manager or investment advisor to a number of investment funds. The purpose of these investment funds is to generate fees from managing assets on behalf of third-party investors by providing investment strategies. These vehicles are financed through the issue of units to investors. The Group has no contractual obligations to provide financial support to these structured entities.

From time to time, the Group makes seed capital investments in certain fund products in order to establish track records for new products, to test new investment strategies or to launch a new product at a viable minimum size.

Determining whether the Group controls such an investment fund primarily focuses on the assessment of the aggregate economic interests of the Group in the fund (comprising any performance fees and management fees) and the investors' rights to remove the investment manager.

Consolidated structured entities
The Group consolidates funds, into which seed capital investments are made, where it is deemed to have control. Financial investments under control, which are available for immediate sale and for which management expects to complete the sale within one year, are presented in the balance sheet line items 'assets held for sale' and 'liabilities held for sale' (for details see Note 14).

Non-controlling interests are not material to the Group.

Unconsolidated structured entities
Where the Group acts as an agent for the investors it does not consolidate these investment funds. When the Group holds investments in unconsolidated investment funds they are classified either as financial investments available-for-sale or designated at fair value through profit or loss (for details see Note 13). The fair value of these investments represents the Group's maximum exposure to loss from its investments into such unconsolidated investment funds.

29. Acquisitions

Acquisition of Renshaw Bay's real estate debt business

On 2 October 2015, GAM (UK) Limited and GAM International Management Limited (together GAM), both wholly owned subsidiaries of GAM Holding AG, acquired the real estate debt business of Renshaw Bay, a London-based independent asset management firm. The acquisition was partly structured as an asset purchase and a share purchase. However, from an accounting point of view the transaction meets the definition of a business combination under IFRS 3. The investment management team of Renshaw Bay's real estate debt strategies together with the managed capital (CHF 0.5 billion of assets under management in October 2015), the related legal entities and contracts as well as all existing client relationships in the form of client agreements were transferred to GAM.

The fair value of the total consideration transferred consists of an upfront cash payment and a contingent payment which will be settled over a period of five years. The Group incurred acquisition-related costs of CHF 1.1 million on legal fees and due diligence costs. These costs have been included in the line item 'general expenses'.

Details of the consideration transferred are as follows:

	CHF m
Cash consideration	11.0
Contingent consideration	4.7
Fair value of consideration transferred	**15.7**
Fair value of net assets:	
- Tangible net assets acquired	-0.1
- Liabilities assumed	1.0
- Customer relationships acquired	-5.2
- Deferred tax liabilities	1.0
Goodwill	**12.4**

Acquisition of Singleterry Mansley business

On 20 June 2014, GAM USA Inc. (GAM), a wholly owned subsidiary of GAM Holding AG, acquired the business of Singleterry Mansley Asset Management Company, LLC, a US-based specialist in mortgage and asset-backed securities. The acquisition is legally structured as an asset purchase. However, from an accounting point of view the transaction meets the definition of a business combination under IFRS 3. All of the company's assets under management (CHF 361 million as at the acquisition date) and its client relationships in the form of investment management agreements have been transferred to GAM. The contingent portion of the total consideration transferred will be settled over a period of five years.

Details of the consideration transferred are as follows:

	CHF m
Cash consideration	1.4
Contingent consideration	7.0
Fair value of consideration transferred	**8.4**
Fair value of net assets:	
- Customer relationships acquired	-4.6
- Deferred tax assets	-1.7
Goodwill	**2.1**

30. Events after the reporting period

The Board of Directors approved these consolidated financial statements on 29 February 2016. In addition, they must be approved by the Annual General Meeting on 27 April 2016.

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Report of the Statutory Auditor to the General Meeting of Shareholders of

GAM Holding AG, Zurich

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of GAM Holding AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes (pages 93 to 153) for the year ended 31 December 2015.

Board of Directors' Responsibility

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

KPMG

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Philipp Rickert *Licensed Audit Expert* *Auditor in Charge*	Patricia Bielmann *Licensed Audit Expert*

Zurich, 29 February 2016

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT

	Note	2015 CHF m	2014 CHF m	Change in %
Income from investments		114.9	172.0	-33
Finance income		1.3	7.2	-82
Recharges to affiliated companies		17.7	2.6	581
Other operating income		0.1	0.1	0
Operating income		**134.0**	**181.9**	**-26**
Personnel expenses		16.4	10.8	52
General expenses		5.8	8.1	-28
Finance expenses	2.2	7.9	5.4	46
Operating expenses		**30.1**	**24.3**	**24**
Profit for the year before taxes		**103.9**	**157.6**	**-34**
Direct taxes		0.9	-1.1	-
Profit for the year		**103.0**	**158.7**	**-35**

BALANCE SHEET

	Note	31.12.2015 CHF m	31.12.2014 CHF m	Change in %
Cash and cash equivalents		174.2	155.4	12
Securities listed on a stock exchange		52.4	116.7	-55
Trade and other receivables	2.3	9.8	4.5	118
Accrued income and prepaid expenses	2.4	115.9	167.2	-31
Other financial assets		2.1	4.3	-51
Current assets		**354.4**	**448.1**	**-21**
Investments	2.5	1,684.2	1,684.2	0
Non-current assets		**1,684.2**	**1,684.2**	**0**
Assets		**2,038.6**	**2,132.3**	**-4**
Loans	2.6	20.0	51.7	-61
Accrued expenses	2.7	11.2	9.9	13
Other liabilities	2.8	11.6	15.8	-27
Current liabilities		**42.8**	**77.4**	**-45**
Share capital		8.2	8.3	-1
Legal capital reserves				
Capital contribution reserve		1,199.6	1,323.0	-9
Legal retained earnings				
General legal retained earnings		5.3	5.3	0
Voluntary retained earnings				
Profit for the year		103.0	158.7	-35
Other voluntary reserve		761.5	636.3	20
Treasury shares				
Treasury shares from capital contribution reserve		-19.8	-43.1	54
Other treasury shares		-62.0	-33.6	-85
Shareholders' equity		**1,995.8**	**2,054.9**	**-3**
Liabilities and shareholders' equity		**2,038.6**	**2,132.3**	**-4**

NOTES

1. Accounting principles

1.1 General aspects
GAM Holding AG, incorporated in Zurich, Switzerland, presents its financial statements according to the provisions of the Swiss Law on Accounting and Financial Reporting. The prior year figures have been represented in accordance with the new accounting law. Where not prescribed by law, the significant accounting and valuation principles applied are described below.

1.1 Securities listed on a stock exchange
Securities with a short-term holding period are valued at their quoted market price as at the balance sheet date. A variation reserve has not been accumulated. Unrealised gains are recorded in finance income, unrealised losses are recorded in finance expenses.

1.2 Treasury shares
Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognised through the income statement as finance income or finance expense.

1.3 Share-based payments
If treasury shares are used for the purpose of share-based payments the difference between the carrying value and the fair value at delivery date is recognised in personnel expenses. Not all recipients of share-based payments are employed by GAM Holding AG. For those employees, GAM Holding AG charges the Group entity employing the employee the expenses according to IFRS 2 and recognises them as recharges to affiliated companies in the income statement.

1.4 Income from investments
Dividend income from subsidiaries is accrued for in GAM Holding AG in the same period as the corresponding income was earned at the relevant subsidiary and is recognised through the income statement as income from investments.

2. Information on balance sheet and income statement items

2.1 Definitions

The term 'Investments' is used for direct subsidiaries of GAM Holding AG. The term 'Group companies' is used for all other entities within the GAM group of which GAM Holding AG is not the direct shareholder.

2.2 Finance expenses

	2015 CHF m	2014 CHF m	Change in %
Loss on financial investments	4.2	4.3	-2
Foreign exchange losses	1.9	0.6	217
Interest expenses	0.9	0.2	350
Other expenses	0.9	0.3	200
Finance expenses	**7.9**	**5.4**	**46**

2.3 Trade and other receivables

	2015 CHF m	2014 CHF m	Change in %
Third parties	1.0	3.8	-74
Investments	0.3	-	-
Group companies	8.5	0.7	-
Trade and other receivables	**9.8**	**4.5**	**118**

2.4 Accrued income and prepaid expenses

	2015 CHF m	2014 CHF m	Change in %
Third parties	0.8	1.5	-47
Investments	114.8	165.1	-30
Group companies	0.3	0.6	-50
Accrued income and prepaid expenses	**115.9**	**167.2**	**-31**

2.5 Investments

	Country of incorporation	2015 Equity interest in %	2014 Equity interest in %
GAM Group AG	Switzerland	100	100
GAM (Schweiz) AG	Switzerland	100	100
GAM Anlagefonds AG	Switzerland	100	100
GAM Ltd.	Bermuda	100	100
GAM Investment Management Lugano SA	Switzerland	100	75
GAM (UK) Ltd.	UK	100	100
GAM Investment Managers Ltd.	UK	100	100
GAM International Management Ltd.	UK	100	100
GAM London Ltd.	UK	100	100
GAM Sterling Management Ltd.	UK	100	100
GAM (Guernsey) GP Ltd.	Guernsey	100	-
Renshaw Bay GP1 Ltd.	Guernsey	100	-
RB REFS 1 Ltd.	UK	100	-
Renshaw Bay GP4 LLP	UK	50	-
RB REFS 2 Ltd.	UK	100	-
Renshaw Bay GP4 LLP	UK	50	-
GAM Fund Management Ltd.	Ireland	100	100
GAM Investment Management Singapore Pte. Ltd.	Singapore	100	100
GAM Singapore Pte Ltd. (in liquidation)	Singapore	100	100
GAM Hong Kong Ltd.	Hong Kong	100	100
GAM Japan Ltd.	Japan	100	100
GAM USA Inc.	USA	100	100
GAM Services Inc.	USA	100	100
GAM US Holding Inc.	USA	100	100
GAM (Switzerland) Holding AG	Switzerland	100	100
GAM Investment Management (Switzerland) AG	Switzerland	100	100
Swiss & Global Fund Administration (Cayman) Ltd.	Cayman Islands	-	100
GAM Services (Italia) S.r.l.	Italy	100	100
GAM (Italia) SGR S.p.A.	Italy	100	100
GAM Advisory (Luxembourg) S.A.	Luxembourg	-	100
GAM (Luxembourg) S.A.	Luxembourg	100	100
GAM (Deutschland) GmbH	Germany	100	100

Swiss & Global Fund Administration (Cayman) Ltd. was sold and GAM (Guernsey) GP Ltd. was established. Renshaw Bay GP1 Ltd, RB REFS 1 Ltd., RB REFS 2 Ltd. and Renshaw Bay GP4 LLP were acquired. GAM Advisory (Luxembourg) S.A. and GAM (Luxembourg) S.A. have merged.

All voting rights equal the equity interest.

2.6 Loans

	2015 CHF m	2014 CHF m	Change in %
Investments < 1 year	20.0	51.7	-61
Loans	**20.0**	**51.7**	**-61**

2.7 Accrued expenses

	2015 CHF m	2014 CHF m	Change in %
Third parties	10.0	8.0	25
Investments	-	1.5	-100
Group companies	1.0	0.2	400
Auditors	0.2	0.2	0
Accrued expenses	**11.2**	**9.9**	**13**

2.8 Other liabilities

	2015 CHF m	2014 CHF m	Change in %
Third parties	11.6	15.8	-27
Other liabilities	**11.6**	**15.8**	**-27**

2.9 Capital contribution reserve

	CHF m
Balance at 1 January 2014	**1,537.4**
Cancellation of 6,567,929 shares	-108.9
Distribution to shareholders	-105.5
Balance at 31 December 2014	**1,323.0**
Cancellation of 1,227,000 shares	-19.0
Distribution to shareholders	-104.4
Balance at 31 December 2015	**1,199.6**

Distributions from the capital contribution reserve are exempt from Swiss federal withholding tax of 35% and exempt from income tax for private investors resident in Switzerland.

2.10 Treasury shares

	Number of shares	Average price CHF	Highest price CHF	Lowest price CHF	Total value CHF m
Balance at 1 January 2014	**10,346,008**	**14.60**			**151.0**
Delivery of shares due to exercise of options	-1,601,635	11.06			-17.7
Cancellation of shares approved at the Annual General Meeting on 15 April 2014	-6,567,929	16.63			-109.3
Share buy-back programme 2011-2014	1,227,000	15.49	16.43	14.23	19.0
Share buy-back programme 2014-2017	2,040,000	16.50	17.95	15.65	33.7
Balance at 31 December 2014	**5,443,444**	**14.10**			**76.7**
Delivery of shares due to exercise of options	-384,672	11.06			-4.2
Purchase of treasury shares to cover share-based payments	362,395	17.62	18.25	16.88	6.4
Cancellation of shares approved at the Annual General Meeting on 30 April 2015	-3,267,000	16.12			-52.6
Share buy-back programme 2014-2017	3,100,000	17.91	21.67	14.81	55.5
Balance at 31 December 2015	**5,254,167**	**15.56**			**81.8**

Shares are cancelled at purchase cost. Therefore the valuation of treasury shares differs from the Consolidated Financial Statements.

3. Other information

3.1 Contingent liabilities

	2015 CHF m	2014 CHF m
Guarantee obligations in favour of Group companies	11.5	5.3

GAM Holding AG is part of a value-added tax group and therefore jointly liable to the Swiss Federal Tax Administration for the value-added tax liabilities of other members.

3.2 Conditional capital

	Registered shares (CHF 0.05 par)	
	Number	CHF m
For warrant and convertible bonds		
Resolution of the Annual General Meeting on 24 June 1993	10,000,000	0.5

3.3 Personnel

	2015 Number	2014 Number
Average number of full-time equivalents	19.4	15.5

3.4 Significant shareholders/participants

Based on notifications received by GAM Holding AG, each of the following shareholders/participants held more than 3% of the voting rights in GAM Holding AG as at 31 December 2015.[1]

Shareholder/participant[2]	Voting rights conferred by shares/equity securities	Voting rights conferred by conversion rights, share purchase rights and granted share sale rights and financial instruments	**Resulting total percentage holding of voting rights at time of creation of the obligation to notify**
Silchester International Investors LLP[3]	15.01%	-	**15.01%**
FIL Limited[4]	5.08%	-	**5.08%**
T. Rowe Price Associates Inc.[5]	5.01%	-	**5.01%**
GAM Holding AG[6]	3.22%[7]	-	**3.22%**
BlackRock Inc.[8]	3.01%[9]	0.05%	**3.06%**
Kiltearn Partners LLP[10]	3.04%	-	**3.04%**

[1] The percentage holding of voting rights as well as the other terms used in this section bear the meaning ascribed to them and should be read in the context of the applicable stock exchange rules.

[2] Any change in the holding of voting rights between reportable thresholds does not trigger any notification duty.

[3] Silchester International Investors LLP, London, UK (as at 10 February 2014).

[4] FIL Limited, Hamilton, Bermuda (as at 11 March 2015).

[5] T. Rowe Price Associates Inc., Baltimore, USA (as at 6 February 2014).

[6] GAM Holding AG, Zurich, Switzerland (as at 31 December 2015).

[7] As at 31 December 2015, GAM Holding AG also had a sale position of GAM Holding AG shares of 4.2% of shares in issue related to grants made under its current equity participation programmes. For further details, please refer to Note 25 of the Consolidated Financial Statements.

[8] BlackRock Inc., New York, USA (as at 17 March 2015).

[9] BlackRock Inc. also reported on 17 March 2015 a sale position of GAM Holding AG shares of 0.34% of shares in issue.

[10] Kiltearn Partners LLP, Edinburgh, UK (as at 1 September 2014).

Based on notifications received by GAM Holding AG, each of the following shareholders/participants held more than 3% of the voting rights in GAM Holding AG as at 31 December 2014.[1]

Shareholder/participant[2]	Voting rights conferred by shares/equity securities	Voting rights conferred by conversion rights, share purchase rights and granted share sale rights and financial instruments	**Resulting total percentage holding of voting rights at time of creation of the obligation to notify**
Silchester International Investors LLP[3]	15.01%	-	**15.01%**
T. Rowe Price Associates Inc.[4]	5.01%	-	**5.01%**
GAM Holding AG[5]	3.27%[6]	-	**3.27%**
FIL Limited[7]	3.10%	-	**3.10%**
Kiltearn Partners LLP[8]	3.04%	-	**3.04%**

[1] The percentage holding of voting rights as well as the other terms used in this section bear the meaning ascribed to them and should be read in the context of the applicable stock exchange rules.

[2] Please note that any change in the holding of voting rights between reportable thresholds does not trigger any notification duty.

[3] Silchester International Investors LLP, London, UK (as at 10 February 2014).

[4] T. Rowe Price Associates Inc., Baltimore, USA (as at 6 February 2014).

[5] GAM Holding AG, Zurich, Switzerland (as at 31 December 2014).

[6] As at 31 December 2014, GAM Holding AG also had a sale position of GAM Holding AG shares of 3.91% of shares in issue related to grants made under its equity participation programmes. For further details, please refer to Note 25 of the Consolidated Financial Statements.

[7] FIL Limited, Hamilton, Bermuda (as at 16 March 2012).

[8] Kiltearn Partners LLP, Edinburgh, UK (as at 1 September 2014).

3.5 Share and option holdings of the members of the Board of Directors

		Shares vested	Options vested	Total
Johannes A. de Gier, Chairman	31.12.2015	37,046	-	37,046
	31.12.2014	19,642	-	19,642
Daniel Daeniker	31.12.2015	23,269	-	23,269
	31.12.2014	19,336	-	19,336
Diego du Monceau	31.12.2015	10,103	-	10,103
	31.12.2014	5,357	-	5,357
Hugh Scott-Barrett	31.12.2015	7,000	-	7,000
	31.12.2014	6,785	-	6,785
Tanja Weiher	31.12.2015	10,029	-	10,029
	31.12.2014	6,696	-	6,696

3.6 Share and option holdings of the members of the Group Management Board

		Shares vested	Options vested	Total
Alexander S. Friedman	31.12.2015	-	-	-
	31.12.2014	-	-	-
Andrew Hanges	31.12.2015	19,161	-	19,161
	31.12.2014	19,161	-	19,161
Craig Wallis	31.12.2015	-	-	-
	31.12.2014	-	-	-
Martin Jufer	31.12.2015	-	-	-
	31.12.2014	-	-	-
Scott Sullivan	31.12.2015	-	-	-
	31.12.2014	-	-	-
Richard McNamara	31.12.2015	-	-	-
	31.12.2014	-	-	-
Larissa Alghisi Rubner	31.12.2015	-	-	-
	31.12.2014	-	-	-

3.7 Share and option grants to the members of the Board of Directors, members of the Group Management Board and to other staff members

		Shares quantity	Fair value CHF m	Options quantity	Fair value CHF m
Granted to members of the Board of Directors	2015	42,349	0.9	-	-
	2014	63,290	1.0	-	-
Granted to members of the Group Management Board	2015	103,861	1.6	425,695	2.0
	2014	33,223	0.5	1,122,020	7.5
Granted to other members of the staff	2015	125,421	1.9	232,699	1.3
	2014	28,164	0.5	-	-

One VRS unit (option) granted is entitled to receive a maximum of two shares. For further details on share-based payments, please refer to note 25 of the Consolidated Financial Statements.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS AND DISTRIBUTION PAYMENT

	2015 CHF m	2014 CHF m
Available earnings for appropriation		
Balance brought forward	-	-
Profit for the year	103.0	158.7
Available earnings for appropriation	**103.0**	**158.7**
Allocation to other voluntary reserve	-103.0	-158.7
Balance to be carried forward	**-**	**-**
Distribution to the shareholders out of capital contribution reserve	**102.8**[1]	**104.4**

[1] The distribution to the shareholders of CHF 102.8 million corresponds to CHF 0.65 per registered share excluding the 5,254,167 treasury shares held by the Company as at 31 December 2015.

The Board of Directors proposes to the forthcoming Annual General Meeting the following appropriation of available earnings and distribution payment to the shareholders:

- Distribution of CHF 0.65 per registered share (excluding treasury shares held by the Company) out of capital contribution reserve;
- Allocation of available earnings of CHF 103.0 million to other voluntary reserve.

If the Board of Directors' proposal for the appropriation of available earnings and distribution payment is approved, the distribution for the 2015 financial year will be paid as of 3 May 2016 and as this distribution is paid from capital previously contributed there will be no deduction of Swiss federal withholding tax of 35%.

The Board of Directors

Zurich, 29 February 2016

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Report of the Statutory Auditor to the General Meeting of Shareholders of

GAM Holding AG, Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of GAM Holding AG, which comprise the income statement, balance sheet and notes (pages 158 to 169) for the year ended 31 December 2015.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Philipp Rickert	Patricia Bielmann
Licensed Audit Expert	*Licensed Audit Expert*
Auditor in Charge	

Zurich, 29 February 2016

FINANCIAL SUMMARY AND SHARE INFORMATION

FIVE-YEAR FINANCIAL SUMMARY

	2015 CHF m	2014 CHF m	2013 CHF m	2012 CHF m	2011 CHF m
Net management fees and commissions	517.8	542.9	554.1	496.8	534.1
Net performance fees	82.8	65.9	100.7	82.1	19.6
Net fee and commission income	**600.6**	**608.8**	**654.8**	**578.9**	**553.7**
Net other income	0.7	14.7	15.4	16.0	44.8
Income	**601.3**	**623.5**	**670.2**	**594.9**	**598.5**
Personnel expenses	290.0	293.2	321.3	285.6	277.2
Fixed personnel expenses	165.1	166.0	165.7	166.2	156.2
Variable personnel expenses	124.9	127.2	155.6	119.4	121.0
General expenses	104.9	105.8	108.7	106.9	100.5
Depreciation and amortisation	8.6	7.8	7.1	7.2	6.8
Expenses	**403.5**	**406.8**	**437.1**	**399.7**	**384.5**
Underlying profit before taxes	**197.8**	**216.7**	**233.1**	**195.2**	**214.0**
Underlying income tax expenses	39.4	39.5	22.9	33.2	48.3
Underlying net profit	**158.4**	**177.2**	**210.2**	**162.0**	**165.7**
Acquisition-related items	-13.4	-5.9	-11.6	-11.7	-11.6
Non-recurring items	-8.5	-2.3	2.6	-63.7	-249.1
Tax on acquisition-related items	-0.5	-	-	-	-
Tax on non-recurring items	2.3	-	0.2	1.8	-
IFRS net profit/(loss)	**138.3**	**169.0**	**201.4**	**88.4**	**-95.0**
IFRS net profit/(loss) attributable to:					
The shareholders of the Company	138.3	165.8	196.8	87.1	-95.0
Non-controlling interests	-	3.2	4.6	1.3	-
Operating margin (%)[1]	32.8	33.2	33.2	31.0	30.6
Compensation ratio (%)[2]	48.3	48.2	49.1	49.3	50.1
Average personnel (FTEs)	1,093	1,082	1,091	1,091	1,066

[1] (Net fee and commission income - expenses) / net fee and commission income.

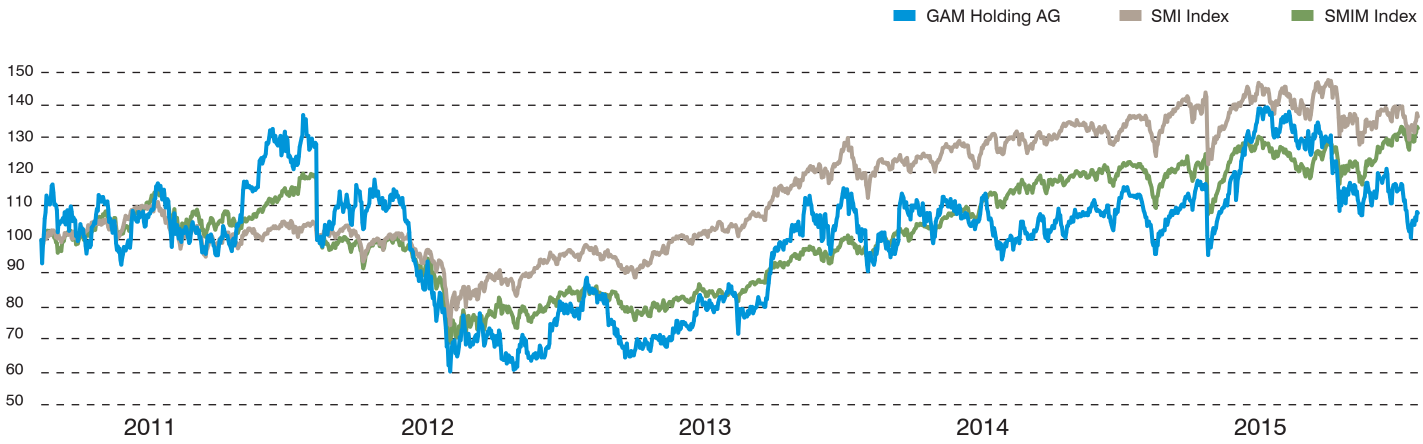
[2] Personnel expenses / net fee and commission income.

	2015	2014	2013	2012	2011
Assets under management at the end of the year (CHF bn)	**119.0**	**123.2**	**114.4**	**116.2**	**107.0**
in investment management	72.3	76.1	69.8	72.6	67.8
in private labelling	46.7	47.1	44.6	43.6	39.2
Average assets under management (CHF bn)	**123.3**	**119.6**	**117.6**	**112.6**	**112.9**
in investment management	73.7	72.9	73.1	70.4	73.1
in private labelling	49.6	46.7	44.5	42.2	39.8
Net flows (CHF bn)	**3.0**	**1.2**	**-3.7**	**1.7**	**-3.8**
in investment management	0.3	2.0	-2.6	-0.8	-4.8
in private labelling	2.7	-0.8	-1.1	2.5	1.0
Total fee margin in investment management (bps)	75.8	77.8	84.3	75.8	69.6
Management fee margin in investment management (bps)	64.6	68.8	70.5	64.2	66.9
Management fee margin in private labelling (bps)	8.4	8.8	8.7	10.6	11.2
Weighted average number of shares outstanding for basic EPS (m)	159.9	162.3	163.4	171.2	183.1
Basic underlying EPS (CHF)	0.99	1.07	1.26	0.94	0.91
Basic IFRS EPS (CHF)	0.87	1.02	1.20	0.51	-0.52
Weighted average number of shares outstanding for diluted EPS (m)	160.8	163.4	166.0	171.2	185.6[1]
Diluted underlying EPS (CHF)	0.98	1.06	1.24	0.94	0.89
Diluted IFRS EPS (CHF)	0.86	1.01	1.19	0.51	-0.52
Dividend for the financial year per share (CHF)	0.65	0.65	0.65	0.50	0.50

[1] As a result of the IFRS net loss reported for 2011, for the calculation of the diluted IFRS EPS for 2011, the weighted average number of shares outstanding for diluted EPS equals the weighted average number of shares outstanding for basic EPS of 183.1 million.

SHARE INFORMATION

Share price performance (indexed)



Listing information

Swiss securities number	10265962
ISIN	CH0102659627
Listing	SIX Swiss Exchange and a component of the Swiss Market Index Mid (SMIM)

Share information CHF

	2015	2014	Change in %
Closing price	16.70	18.00	-7
Highest price	21.60	18.20	19
Lowest price	14.75	14.55	1
Market capitalisation at the end of the year (CHF m)[1]	2,729	3,000	-9

Treasury shares

	31.12.2015	31.12.2014	Change in %
Shares issued	163,394,731	166,661,731	-2
Treasury shares	-5,254,167	-5,443,444	-3
Shares outstanding	158,140,564	161,218,287	-2

[1] Based on shares issued.

'Forward-looking statements'

This Annual Report contains statements that constitute 'forward-looking statements', including statements of the future financial performance of the Company, its plans and objectives and their anticipated effect on the Company's future business and development, as well as other projections and statements that are forward-looking or contain subjective assessments, regarding the intent, belief or current expectations of the Company. 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', 'predict' and similar expressions. Such statements are made on the basis of assumptions, estimates and expectations which, although the Company believes them to be reasonable at this time, may prove to be erroneous or unfounded in the future, as forward-looking statements are subject to risks and uncertainties that could cause the actual development, results and financial position of the Company to differ materially from the information presented herein. These risks and uncertainties facing the Company, which could affect the future accuracy of these forward-looking statements, 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; and changes in the size, capabilities and effectiveness of the Company's competitors. If one of these risks or uncertainties materialises or if underlying assumptions prove to be incorrect, actual outcomes may vary materially from those indicated in the forward-looking statements. Other than in accordance with the ad-hoc publicity rules of the SIX Swiss Exchange, the Company undertakes no obligation to release publicly any revisions or updates to any forward-looking statements herein to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or to reflect any change in the Company's expectations.

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Further information
Our website provides further information on GAM Holding AG, including share price data, details of our share buy-back programmes, media releases, historical financial information and an events calendar.

www.gam.com