ANNUAL 2019 REPORT

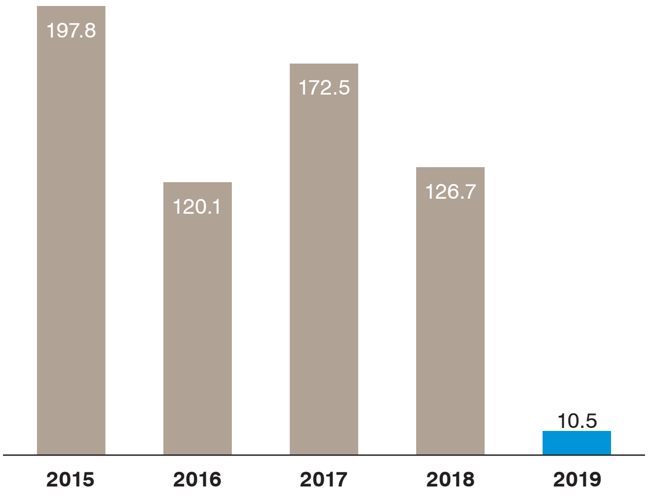
GAM Investments

CONTENTS

KEY FIGURES

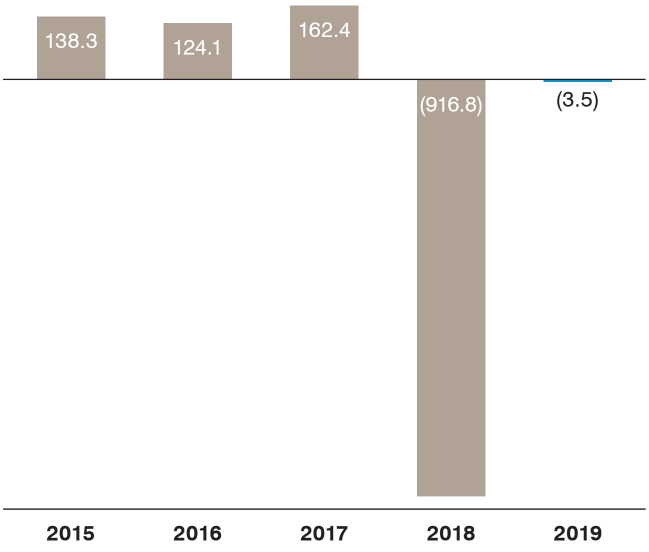
Underlying profit before taxes (CHF m)

CHF 10.5 m



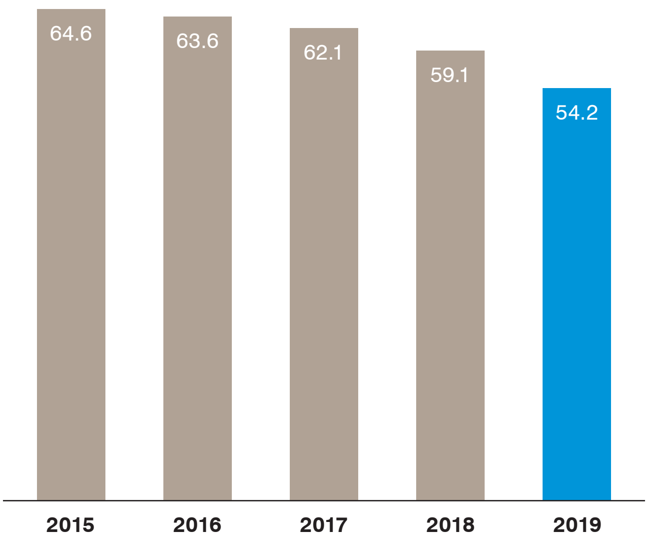
IFRS net (loss)/profit (CHF m)

CHF (3.5) m



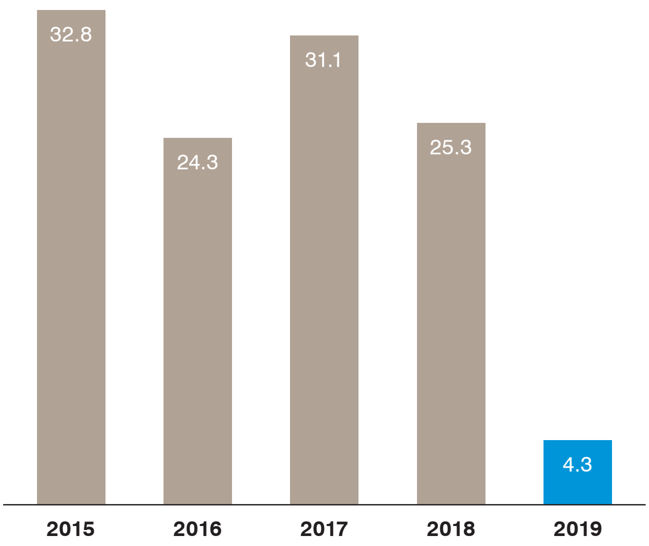
Management fee margin – investment management (bps)

54.2 bps



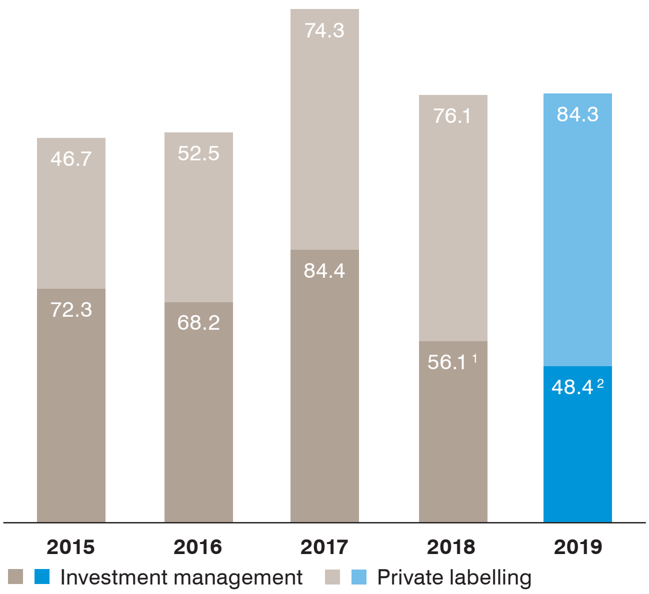
Operating margin (%)

4.3 %



Assets under management (CHF bn)

CHF 132.7 bn

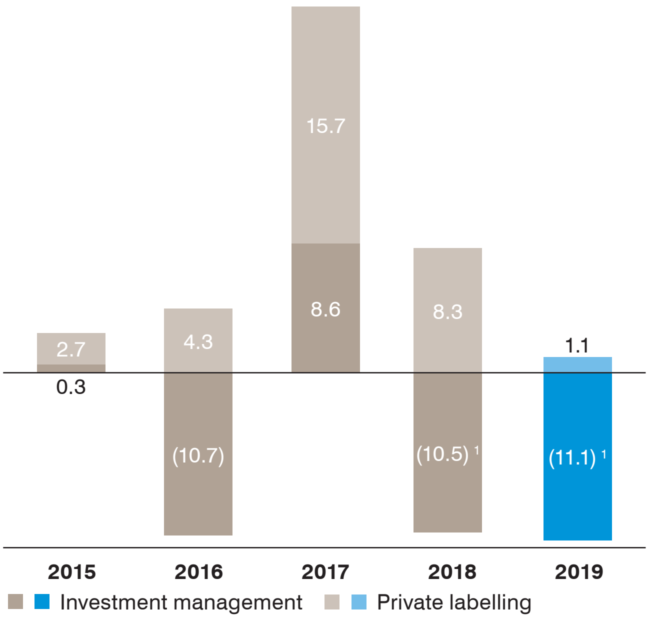


1 Excluding CHF 1.45 billion ARBF-related assets under management in liquidation as at 31 December 2018.

2 Including CHF 0.3 billion of money market funds as at 31 December 2019, which GAM agreed to sell to ZKB as announced with the H1 2019 results.

Net flows (CHF bn)

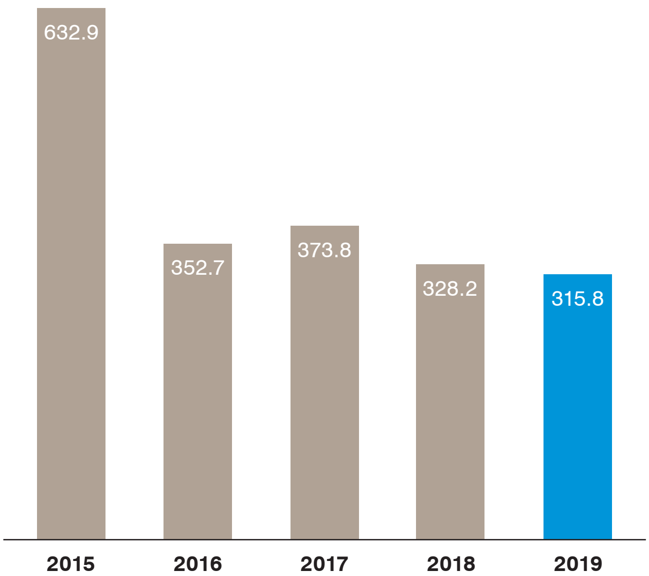
CHF (10.0) bn



1 Including ARBF-related net inflows in H1 2018 of CHF 0.3 billion and excluding ARBF-related net flows in H2 2018 and FY 2019, and fund assets liquidated as at 31 December 2018 and 31 December 2019.

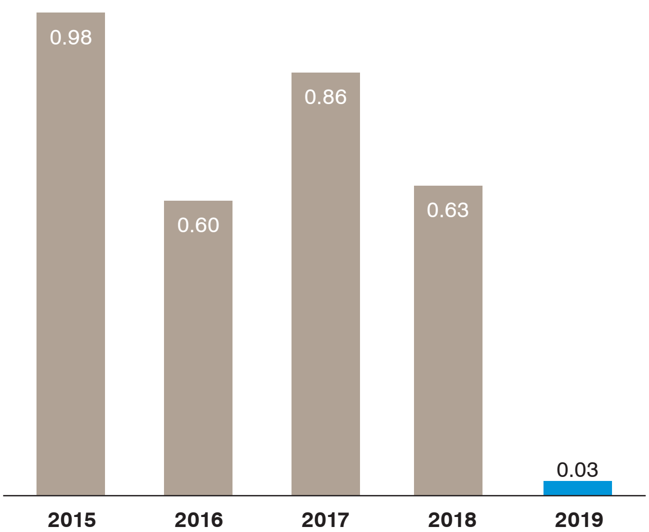
Net cash (CHF m)

CHF 315.8 m



Diluted underlying EPS (CHF)

CHF 0.03



CHAIRMAN'S STATEMENT AND CHIEF EXECUTIVE'S LETTER

Chairman’s statement

David Jacob, Chairman of the Board of Directors

I am very aware that last year was a difficult one for GAM, our clients, our shareholders and our people. I want to thank all of our stakeholders for their support during this period. We spent much of the year addressing the issues that had arisen in 2018. I am pleased that the successful resolution of the ARBF issue, culminating in our return of, on average, over 100% of client money, has allowed us to put this difficult period behind us.

GAM is now in a solid position and we can look forward to returning to growth and providing the long term returns our shareholders require. Following a thorough strategic review, the Board has decided to focus the company’s attention on the execution of our strategic plan, as set out in the CEO’s letter. The Board believes that this plan will improve GAM’s commercial positioning, growth prospects and profitability and that this will ultimately lead to increased shareholder value.

The Board and the management team are confident that the strategy is robust in the context of a period of transformation for our industry and are committed to navigating the associated challenges successfully in the interests of all our stakeholders. Our traditional strengths remain in place and have become increasingly relevant. Our carefully curated product range offers clients access to investment areas that are highly sought after, and, as our investment performance in 2019 shows, deliver strong active returns. Our distribution footprint with 14 offices and a strong team across the globe means that we can capitalise on these products to deliver growth in the years to come. Most importantly, our clients continue to value the relationships we have with them, and I have personally seen excellent examples of this in 2019.

From this strong foundation, I am confident that our renewed strategic focus will allow us both to better serve our clients and also deliver attractive returns for our shareholders.

Financial overview

The underlying financial performance in 2019 was significantly lower than the previous year. This was largely expected as a result of a decline in assets under management and the resulting drop in associated revenues. In recognition of these financial results, our Group Management Board (GMB) has been awarded no variable compensation for 2019. The team has worked hard to ensure that the firm remains on sound footing for the future, but both the Board and the GMB feel strongly that, in recognition of the impact that has been felt by our shareholders, this is an appropriate decision and in keeping with our compensation framework.

As we enter 2020 there are already a number of positive signs in our performance. Driven largely by systematic strategies, our performance fees have risen, and the private labelling business strengthened. We have also made great progress in reducing our underlying cost base and continue to do so as part of our on-going restructuring plans. Building on strong fundamental successes, we expect to see improved returns over the coming year.

New leadership

I was delighted that Peter Sanderson was appointed Group CEO with effect from 1 September 2019. Peter’s appointment marked the start of a new chapter for GAM. Peter has a successful track record setting strategy, driving revenue growth and scaling businesses by executing significant technology, organisational and operational transformation. He has spent a decade at BlackRock, in roles including Head of Financial Services Consulting, EMEA, and Co-Head of Multi-Asset Investment Solutions in EMEA. I believe he is the ideal person to lead us into this new period. Peter has taken the helm with confidence, diligence and a clear vision for our future.

Board changes

Last October I signed off as GAM’s interim CEO to take over as Chairman from Hugh Scott-Barrett. Hugh’s work as Chair has been invaluable, and our sincere thanks go out to him for everything he has done during his tenure, both as Chair and a long serving board director. I am pleased he is remaining on the Board until our AGM in order to support the transition.

Following last year’s AGM, Diego du Monceau, Ezra S. Field and Monica Mächler chose not to stand for re-election. I would like to thank them for their support, notably the personal contributions made by Ezra and Monica during one of our most challenging periods, and Diego’s nine years of devoted service.

Katia Coudray, Jacqui Irvine and Monika Machon were approved to replace them at our 2019 AGM, bringing a diverse background and wealth of asset management experience that has already been felt. Katia was CEO at Syz Asset Management between 2015-2018 and is currently CEO of Asteria Investment Managers; Jacqui was Group General Counsel and Company Secretary of Janus Henderson Group until 2018; and Monika (also appointed to Chair of our Risk Committee) served as Senior Vice President and Treasurer at AIG Between 2013–2016.

I am confident that our three new directors, working closely with Nancy Mistretta and Benjamin Meuli, together with the strong candidate we have identified to replace Hugh Scott-Barrett, will give GAM an excellent Board which will provide the necessary skillsets to allow GAM to return to strength.

Developing our culture

The strength of our talent has kept us front of mind with our clients and competitive amongst our peers. Now, our focus is to ensure that this strength is also reflected in our culture – and our values: integrity, excellence and collaboration. This means working to build a partnership mentality; one which is aligned to the firm and our stakeholders, not the individual.

We are clear that culture is not simply a business ideology. Its impact is seen across the entire organisation, from the quality of our client service to our investment performance. Culture is also reflected in our reputation, and getting it right will support our vision of being globally recognised as a leader in differentiated investment strategies.

On-going projects including the creation of a Culture Working Group and Culture Network have been particularly encouraging. By developing these initiatives, we ensure that GAM continues to grow as a progressive, efficient and supportive working environment.

Looking ahead

The fundamental parts of our investment capability remain strong. As an active investor, with specialised strategies and a global footprint, our business and its presence are hard to replicate. Going forward, we are well positioned to capitalise on demand shifts towards more distinctive forms of active management, including an increased focus on ESG, and we plan to strengthen our existing capabilities to extend this advantage. Katia Coudray has agreed to champion ESG matters for the board, particularly with respect to GAM's corporate approach to ESG.

With a committed Board, renewed leadership, and a strong plan for our future, I am confident that GAM will become more efficient and more profitable for our shareholders, while continuing to be every bit as relevant for our clients in the years to come.

With best regards,

David Jacob
Chairman

Zurich, 20 February 2020

Chief Executive's letter

Peter Sanderson, Group Chief Executive Officer

When I joined GAM in September of last year it was clear that the business had experienced a challenging period. However, I also knew that I was joining a business with a strong foundation, built on a global client footprint, with strongly performing investment capabilities and a proudly client focused culture.

Six months into the role, I have even greater respect for GAM's foundations. I have been impressed by GAM's commitment to client service, the strength of our client relationships, by our differentiated investment capabilities, by the firm's entrepreneurial spirit and the quality of our people. The performance benchmark data we are releasing today evidence these strengths **with 74% and 78% of our investment management AuM outperforming their benchmark over 3 and 5 years respectively**.

This is a great foundation on which we can build our strategic plan, which I set out in more detail in this letter and which addresses some of the issues and the opportunities within the business. Our thinking is informed by today's market context: the need for active management to be ever more differentiated; the impact of wealth creation in emerging economies; and the implications of climate change for us all; to name just a few.

Fit for the future

Our strategic plan builds on GAM's strong foundations and focuses on three key strategic pillars, designed to make GAM fit for the future:

– Efficiency
– Transparency
– Growth

Efficiency
We are taking a range of measures designed to reduce our **cost** base, including moving to a single **technology** platform and further integrating our operational **processes**.

We achieved an **exit run rate cost saving** of CHF 42 million in 2019, but in the context of our reduced investment management AuM, GAM's cost base remains high. Therefore we will aim to achieve further savings of CHF 40 million over the next two years. With this realignment of our cost base, GAM has a clear path back to an operating margin of 30%.

As a first step to unlocking significant cost savings and synergies, I was pleased to reaffirm our historic partnership with SimCorp by agreeing to unify GAM's technology on a single platform that we already know and trust. Extending SimCorp right across our business will bring many advantages, helping to simplify our operations and improving our client experience.

GAM's operating footprint still reflects many processes from the separate businesses that formed the GAM Group in 2009. There are meaningful synergies to be gained by aligning our heritage processes and converging on **a simpler 'One GAM' operating model**. Making it easier for clients to do business with GAM will be central to the benefits realised as part of these efforts.

Transparency
Trust is an investment manager's most valuable asset and for that reason, I want to make sure that transparency and communication is a key focus of our strategy at GAM. One example of where we can bring greater transparency is around our Private Label Funds ("PLF") platform and the benefits it creates for clients and shareholders.

The PLF platform began providing fund management company (ManCo) services to third parties 27 years ago, leveraging excess capacity on our operating platform. The PLF platform has always shared resources with our investment management platform, which has made transparency difficult. However, PLF is an important capability and as we unify the firm's technology platform on to SimCorp, this will also allow us to simplify and better **articulate the combined footprint of our ManCo services** both for PLF third parties and internal GAM activity. I believe that such clarity will also help GAM communicate more clearly with stakeholders who are keen to understand the services and metrics around this business better, as well as help us ensure that our offering, already one of the biggest in some markets, can be best in class.

Growth
GAM has proven asset-raising capability in **our products and markets**, the local presence to capitalise on **high growth markets**, the opportunity to better align with demand through increasing our **focus on ESG**, and the ability to attract and retain clients with our **industry leading client service**.

GAM's **European wholesale** franchise is a key focus in our business. There is continued **strong investment performance from our core products** and **signs of renewed confidence** from key distribution partners.

Our **global footprint** affords us strong client relationships through our **local presence in high growth markets**, such as **Latin America** in particular, while we are also building on promising activity within **Asia Pacific and also in the USA**. During 2019 there were positive signs with net new money inflows in markets such as Australia and Japan.

I share the same views that our employees, many of our clients and shareholders have on **ESG** matters, and I am pleased to report that the sustainability network at the firm is already a hive of activity and energy. I want to **improve GAM's corporate standing in ESG** through more transparent reporting and alignment throughout the firm. I also believe that increasingly our clients will want the option for **thoughtful ESG oriented versions for select strategies** alongside our traditional offerings. I am excited that this will be a key driver of our product development strategy for the future.

Strong foundations

In 2020 I want to build on GAM's strong foundations to ensure that the firm is fit for the future.

I also believe that we need to set out clear objectives against which I and my senior team can be held accountable. By not paying bonuses for the Group Management Board for 2019 we are sending a strong signal that we need to perform if we are going to be paid. As a first step to **restoring shareholder value**, we are aiming for underlying pre-tax profits of over CHF 100 million; an operating margin target of 30%; and a compensation ratio of between 45-50% by 2022. Of course all these measures are subject to market conditions but are designed to be closely aligned to our strategic pillars of efficiency, transparency and growth.

GAM's proven investment thinking, strong performance and our continuous focus on client service excellence mean that we have a clear role to play in helping clients **actively navigate a complex world** and shifting investment landscape.

I believe that by focusing on our strategic pillars, GAM will be well positioned to capture growth opportunities as we help our clients around the globe achieve the financial outcomes they need.

With best regards,

Peter Sanderson
Group Chief Executive Officer

Zurich, 20 February 2020

THE BUSINESS REVIEW

OUR STRATEGY

MARKET CONTEXT

SHIFT FROM ACTIVE TO PASSIVE

-

SLOWING GROWTH IN THE INDUSTRY

-

INCREASING REGULATORY OVERSIGHT AND CHANGE

-

HIGHER LEVELS OF INVESTOR SCRUTINY

-

LOWER OPERATING MARGINS

-

GROWTH IN ESG

-

RAPID TECHNOLOGICAL CHANGE/ADOPTION

STRATEGIC OBJECTIVES	GAM TODAY
Efficiency **Bold action to create synergies and adapt to the industry environment**	• Good progress on efficiency to date with CHF 40 million cost reduction target exceeded. • However, current cost base remains too high in context with AuM and the wider industry. • Organisational structure reflective of multiple legacy business units.
Transparency **Better reporting and processes based on clarity, accountability and trust**	• Complex internal processes resulting from historic structures. • Achieved a Carbon Neutral rating for 2019, but ESG factors becoming more critical. • Industry leading PLF business, but sharing resources with our overall investment management platform has made transparency challenging. • Services and metrics around the PLF business are not always transparent.
Growth **Pursue growth via our core business, driving AuM growth**	• Named by *Allfunds* as the number one global asset management group in a recent client services review. • Improvements to our CRM system and client onboarding processes to strengthen new and existing relationships. • Global distribution footprint (particularly in Europe) and long-term local experience in other key markets. • Legacy structure inhibits cross-selling between business areas.

BECOMING FIT FOR THE FUTURE

- Moving to the right cost base.
- Integrating our operational footprint – across centres and technology – to create a simple 'One GAM' operating model.
- Partnership with investment management solutions provider SimCorp, consolidating front and middle office systems.
- Future-proofing the business through simplified support activities and reducing our IT footprint.

MEASURING PROGRESS

- Reduce costs further (targeting CHF 30 million by end of 2020 and another CHF 10 million by end of 2021)
- All investment teams integrated onto a single platform by 2021 (excluding Cantab)

- Reallocating responsibilities within the senior management team to add clarity to our processes and improve communication.
- Strengthening corporate ESG standards and embedding these values into the business, through annual reviews, external compliance reviews and leadership behaviour.
- Better aligning and articulating the combined footprint of our ManCo Services through one single platform.
- Aligning our strategic pillars with clear financial targets (profits, operating margin and compensation ratio).

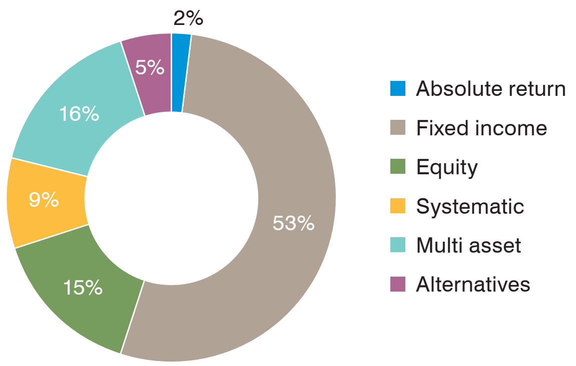
- By 2022:
  - Profits in excess of CHF 100 million
  - Operating margin greater than 30%
  - Compensation ratio between 45-50%
- Gain B Corp accreditation

- Focusing on clients' needs, developing an 'up and coming' suite of differentiated, actively managed products, with the option of ESG-focused versions of these strategies.
- Driving new channels of growth within our existing core product footprint.
- Building on the momentum in our core European wholesale franchise, developing existing strengths and re-flating our flagship funds.
- Capitalising on our local presence and strong client relationships in high growth markets, including Latin America and Mexico, and building on momentum in Asia Pacific and the US.
- Improving cross-selling across the business as part of 'One GAM' collaborative culture.

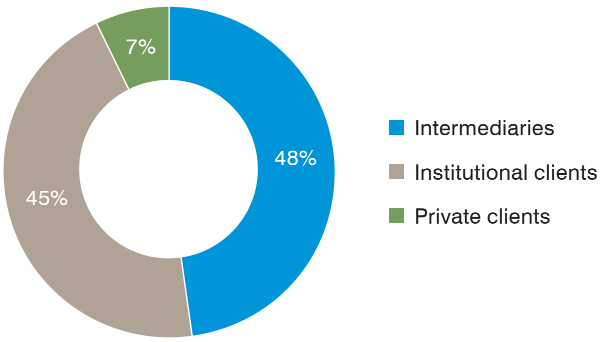
- Improve client relationship rankings
- Drive AuM revenue growth
- Diversification through higher % of AuM in high growth markets

OUR BUSINESSES

Investment management assets by capability



Investment management assets by client segment



Investment management snapshot

Investment strategies, mandates and funds managed by in-house professionals and selected third-party specialists

90%

of our Group net management fees and commissions are generated in investment management

147

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

65

relationship managers serving our global client base, supported by 83 employees in marketing, sales support and product specialist roles

74%

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

10%

of our Group net management fees and commissions are generated in private labelling

10

client directors, supported by experts from legal and compliance, risk management, marketing and operations

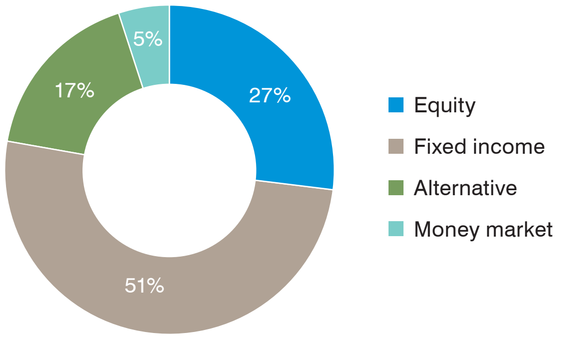
4

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

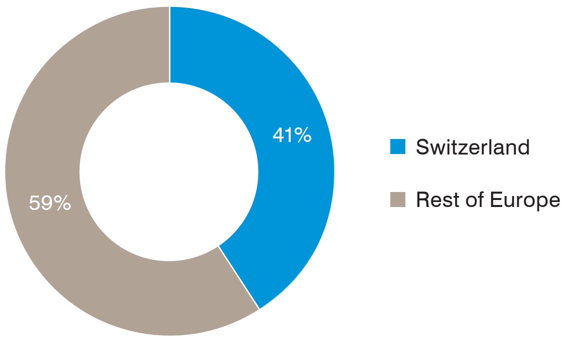
217

third party funds operated for our clients

Private labelling assets by asset class



Private labelling assets by fund domicile



OUR BUSINESSES

Investment management

Investment capabilities

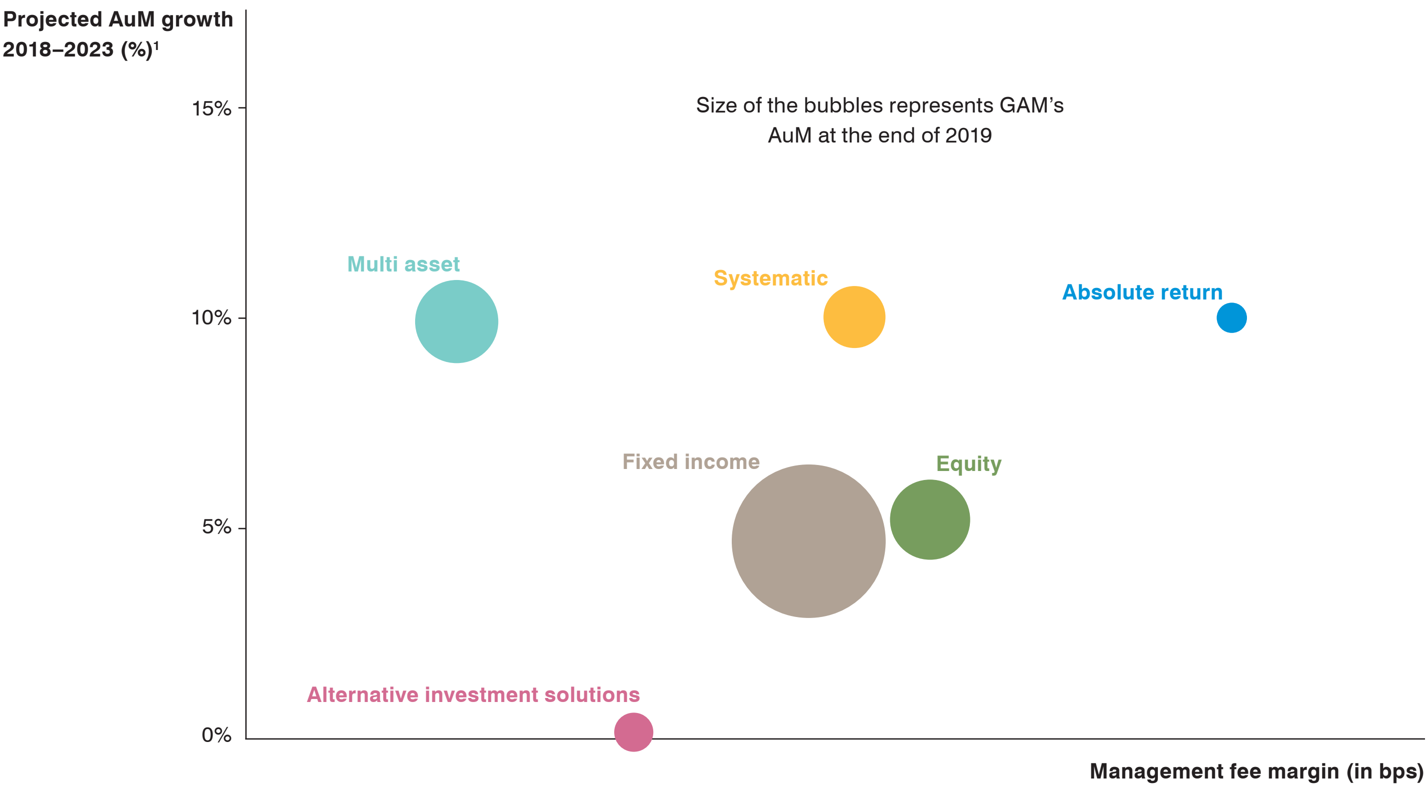
Our investment management capabilities provide clients with differentiated directional and absolute return strategies in multiple asset classes. They are managed with discretionary, systematic and specialist approaches. Our product and solution capabilities are focused on scalable strategies with high growth prospects based on industry trends and client needs. Such strategies are able to sustain higher fees compared to passive and more traditional benchmark-oriented products given their active and differentiated nature.

We have 147 in-house investment professionals across our investment centres in Zurich, Lugano, Milan, London, Cambridge, New York and Hong Kong. Since 2017, all of our funds have been marketed under the single GAM brand. Having pioneered the open architecture approach by working with external managers in the early 1980s, we continue to work with a few distinguished third-party investment specialists in selected areas.

GAM does not have a 'house view', and autonomous investment management teams make their investment decisions according to their individual philosophies and styles as well as within GAM's centralised risk framework. Our discretionary investment management teams seek to generate attractive client returns through high-conviction investing. They are encouraged to be indifferent to short-term index comparisons and take controlled risks in order to deliver differentiated performance. The GAM Systematic teams utilise rigorous, world-class scientific research to create robust quantitative strategies that identify and harvest numerous sources of returns.

The breadth of our product range allows us to provide relevant products across different client segments. Our product development capabilities encompass a variety of structures – onshore and offshore funds, segregated mandates and customised solutions. A wide range of GAM's products are offered in the regulated form of Undertakings for the Collective Investment in Transferrable Securities (UCITS). As outlined in the strategy update, we want to further

GAM product capabilities



[1] The Boston Consulting Group, Global Asset Management 2019: Will these '20s roar?; GAM.

Investment management assets and management fee margins (CHF bn)

Capability	Opening AuM 1 Jan 2019	Net flows 2019	Disposal 2019 [2]	Market/FX 2019	Closing AuM 31 Dec 2019	Management fee margin 2019 (bps)
Fixed income	29.2	(5.1)	-	1.7	25.8 [3]	57
Equity	8.7	(3.3)	-	1.8	7.2	70
Multi asset	7.7	(0.8)	-	0.9	7.8	21
Alternatives	4.4	(0.7)	(1.9)	0.3	2.1	39
Systematic	4.2	(0.4)	-	0.6	4.4	62
Absolute return	1.9 [1]	(0.8)	-	-	1.1	100
Total	**56.1** [1]	**(11.1)**	**(1.9)**	**5.3**	**48.4** [3]	**54.2**

[1] Excluding CHF 1.45 billion ARBF-related assets under management in liquidation as at 1 January 2019.

[2] Sale of precious metal funds to ZKB in H2 2019.

[3] Including CHF 0.3 billion of money market funds as at 31 December 2019, which GAM agreed to sell to ZKB as announced with the H1 2019 results.

improve GAM's corporate standing in ESG through more transparent reporting and greater alignment across the firm. We believe that our clients will increasingly want the option of thoughtful ESG oriented versions of selected strategies alongside our traditional offerings and that this will therefore be a key driver of our product development strategy in the future.

As at 31 December 2019, 53.3% of the CHF 48.4 billion[1] investment management assets were invested in fixed income strategies. The share of investment solutions across multi asset and alternatives capabilities was 20.4%, while 14.9% was attributable to equities. Our systematic capability accounted for 9.1% and absolute return products for 2.3%.

Our **fixed income** products cover a breadth of specialist investing through a number of offerings that are differentiated from traditional core fixed income styles and are managed by teams with long-standing expertise across asset classes and styles as well as enviable track records. Our fixed income products encompass approaches seeking excess returns relative to a benchmark, credit, emerging market debt and specialist strategies including insurance linked strategies, catastrophe bonds and mortgage-backed securities. This wide range of products positions us well to capture demand for substitutes to traditional bond allocations, as investors continue to search for yield in the current low-yield environment.

Successful liquidation of ARBF strategy marked an important milestone for GAM

On 30 July 2019, GAM successfully liquidated its unconstrained/absolute return bond funds (ARBF) and returned an average of 100.5%[1] of net asset value to clients relative to the valuations at the time the liquidation of the respective funds commenced. Our decision to suspend charging management fees immediately and repaying our investors demonstrated our commitment to always doing the right thing for our clients.

That liquidation phase was challenging for all our stakeholders, especially for our clients who were invested in the ARBF strategy. Upon reflection, we firmly believe that, throughout the whole process, GAM took decisive action and the appropriate steps to deal with this matter. At all times, GAM's priority was to maximise liquidity and value for its clients while treating all investors fairly.

The successful liquidation of the ARBF strategy allows GAM to refocus on its investment capabilities, which remained strong and intact throughout this very challenging period. In 2019, our investment performance was strong with over 70% of assets under management outperforming their respective benchmark over the three and five-year period to 31 December 2019, compared to over 60% in the previous year.

We remain committed to helping our clients achieve their investment objectives by focusing on truly active management of differentiated investment strategies while ensuring a strong control environment.

[1] Representing the AuM-weighted average of the amount of each fund to be returned to investors as percentages of the net asset value of the relevant fund as at 3 September 2018 for Luxembourg and the Cayman funds and as at 4 September 2018 for the Ireland funds. The percentage of assets to be returned to investors ranges between 99.7% and 101.4% depending on the respective fund in question.

[1] Including CHF 0.3 billion of money market funds as at 31 December 2019, which GAM agreed to sell to ZKB as announced with the H1 2019 results.

Spotlight on selected products

GAM Star Credit Opportunities
GAM Star Credit Opportunities seeks steady, high income from the bonds of quality companies, with a focus on junior or subordinated debt to capture higher yields. The suite of three long-only UCITS funds is managed by corporate bond specialist Atlanticomnium S.A., which has specialised in credit investing since 1976 and has managed assets for GAM since 1985, delivering strong, long-term performance. The team's extensive understanding of subordinated credit instruments and companies' capital structures enables it to access overlooked and often undervalued bonds in the market, while an unconstrained approach means it can focus on the areas of greatest opportunity and best reward-to-risk trade-offs, in order to generate performance across market environments.

GAM Local Emerging Bond
GAM Local Emerging Bond is a multi-award-winning, high-conviction strategy focused on local emerging markets (EM) sovereign bonds and currencies. GAM's highly successful EM Debt team is led by Paul McNamara, who has managed the fund since its launch in 2000. The strategy has evolved into the largest local EM debt UCITS fund and the team ranks among the largest managers of local EM debt solutions globally, managing approximately CHF 7.3 billion of assets under management as at 31 December 2019. The fund's outstanding track record over 19 years is a result of the team's strong understanding of global macro trends and its extensive background in navigating economic cycles of crisis and recovery in EM debt.

GAM Systematic Alternative Risk Premia
GAM's Systematic Alternative Risk Premia team seeks to identify, structure and invest in alternative return sources across global markets, using a systematic, rules-based approach. Alternative risk premia are the rewards for taking non-traditional risk, e.g. outside of simply long equities and bonds, often employing investment techniques such as spread or long/short positions, with the resulting portfolio aiming for low correlation to traditional asset classes and therefore effective portfolio diversification over the investment cycle. Led by Dr Lars Jaeger, the team has a strong reputation as pioneers in this field and has traded alternative risk premia for 15 years. As at 31 December 2019, the strategy had CHF 2.5 billion of assets under management. The team combines systematic models with bottom-up research to create a broadly diversified portfolio of alternative risk premia. Fully customisable portfolios can be designed for clients' risk, return and correlation needs, while liquid and transparent holdings provide investors with clarity of return and risk sources.

GAM Luxury Brands
GAM Luxury Brands actively invests in 25-35 luxury companies globally, aiming to deliver long-term capital appreciation. The fund is managed by Swetha Ramachandran, who has a wealth of experience in consumer companies in the developed markets and Asia, with support from Niall Gallagher, Head of European Equities. The fund invests in well-capitalised companies that have compounding mid-to-high single-digit revenue growth with high and stable margins at their core. Such companies are typically highly cash-generative with conservative balance sheets that render them ideally situated to return capital to shareholders and/or engage in value-creating M&A. Investment across a diversified universe enables the exploitation of fast-growing trends in premium consumption themes, such as the rise of experiential luxury as well as shifting millennial preferences, while the integration of an ESG angle seeks to enhance returns for clients.

GAM Health Innovation Equity
GAM Health Innovation Equity aims to generate long-term capital growth through active investment in the broad healthcare sector. The healthcare team is led by Christophe Eggmann, who has over 23 years of investment experience and a successful track record in the active management of healthcare equity. A proven ability to invest early in areas of high unmet medical need through new or improving treatments means the team can capture as much value creation as possible. It focuses on innovative companies that have incorporated a strong scientific rationale into their business models in order to develop best-in-class assets. Flexible allocation across all sub-sectors of healthcare worldwide means the team can leverage changing growth dynamics and diversify portfolio risk.

Our regional and thematic **equity** strategies have an average active share[2] of 72%. Each investment team, utilising their own research and distinct approach, benefits from the collaborative and collegial culture across our investment groups, and shares insights, views and information. We provide a broad range of investment styles, including value, growth and GARP (growth at a reasonable price). Our long-standing strategies in European, Japanese and Chinese equities are complemented by the emerging market equities as well as other regional and thematic strategies, all of which are highly scalable.

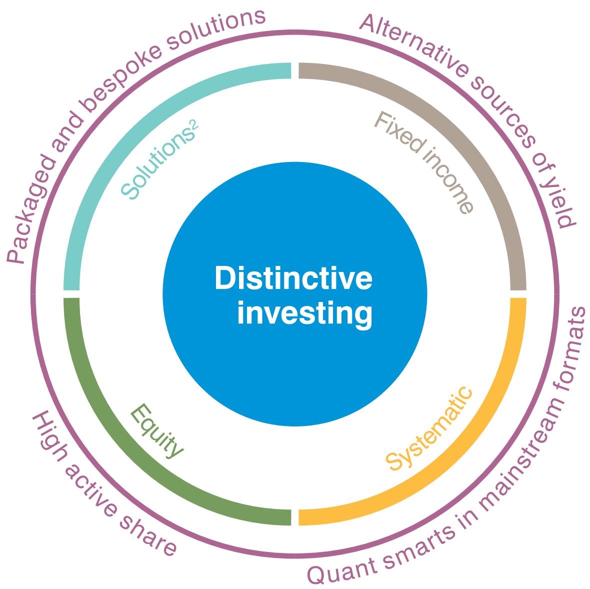
In a more volatile and uncertain environment, there is increasing demand for objective-oriented, holistic **multi asset** strategies that cater to the individual risk profiles of investors. Our Solutions capability combines teams across multi asset, alternatives and private clients, and targets exactly this opportunity. It is focused on delivering solutions consistent with client needs and preferences, spanning the range from unitised funds to bespoke portfolio offerings.

Our multi asset teams provide an active, top-down allocation tailored to the specific investment needs of their clients. Our investment philosophy and approach seeks to add value through active decision-making at three levels: long-term strategic asset allocation, short-term tactical asset allocation and instrument

[2] Active share is a measure of the percentage of stock holdings in a portfolio that differs from the benchmark index.

GAM's specialist product offering[1]

- Bespoke solutions
- Multi asset segregated accounts
- Unitised risk-weighted portfolio management



- Asian income
- Commodity trade finance
- Emerging market debt
- Global rates
- Insurance linked securities (ILS)
- Mortgage-backed securities (MBS)
- Subordinated debt
- Supply chain finance
- Total return

- Asian equities
- Emerging market equities
- European equities
- Global equities
- Japanese equities
- Non-directional equities
- Specialist equities
- UK equity income

- Alternative risk premia
- Credit timing strategy
- Global equities (LO)
- Global macro
- Multi asset (LO)
- Multi strategy
- Non-conventional markets strategy

[1] All strategies listed are of indicative nature and do not represent a complete list of GAM products.
[2] Includes alternatives and multi asset.

Investment management assets (CHF bn)

Client segment	Opening AuM 1 Jan 2019	Net flows 2019	Disposal 2019 [2]	Market/FX 2019	Closing AuM 31 Dec 2019
Intermediaries	27.4	(4.8)	(1.9)	2.3	23.0 [3]
Institutional clients	24.7	(5.2)	-	2.3	21.8
Private clients	4.0	(1.1)	-	0.7	3.6
Total	**56.1** [1]	**(11.1)**	**(1.9)**	**5.3**	**48.4** [3]

[1] Excluding CHF 1.45 billion ARBF-related assets under management in liquidation as at 1 January 2019.
[2] Sale of precious metal funds to ZKB in H2 2019.
[3] Including CHF 0.3 billion of money market funds as at 31 December 2019, which GAM agreed to sell to ZKB as announced with the H1 2019 results.

selection. We offer both an extensive range of multi asset funds as well as bespoke solutions for our larger clients.

Our **alternatives** capability comprises alternative investment solutions and commodities. 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.

Within our **systematic** capability, we are focused on managing and developing products and solutions across liquid alternatives and long-only asset classes, including equities, debt and multi asset solutions. Our investment philosophy and processes are based on rigorous scientific research to identify and harvest numerous sources of returns. The capability is strengthened by a world-class infrastructure and proprietary technology run by a team of experienced data scientists. Our systematic product offering encompasses quantitative multi-strategy, core macro, global equities, equity market neutral, dynamic credit and alternative risk premia products as well as a strategy trading less liquid markets. Further, the systematic strategies vary across the volatility and pricing spectrum, offering our clients a differentiated set of solutions.

Our **absolute return** product range covers strategies across fixed income, macro/managed futures and equity long/short. The strategies share a common aim: to deliver positive, long-term absolute returns with controlled volatility and low correlation to traditional asset classes. Following the liquidation of all ARBF strategies, we established a set of alternative global strategic bond strategies which we believe have the potential to grow.

Total assets under management in investment management include all assets that generate a management fee for the Group. As at 31 December 2019, CHF 1.6 billion (2018: CHF 1.6 billion) of assets generated two levels of fees. 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 fee.

Our clients

We are committed to strong long-term relationships with our clients, spanning different geographies, channels and segments. Our goals are fully aligned with our clients', as we provide efficient access to high-performing investment opportunities, supported by our infrastructure and risk management.

Institutional clients, which represent 45.1% of our investment management assets, continue to demand distinctive active strategies across the market cycle. Our dedicated institutional client service teams convey the investment propositions and customised solutions we offer to investors such as family offices, public and corporate pensions, insurers, sovereign wealth funds, endowments, foundations and local authorities. In addition to our strong long-term performance track record and an in-depth understanding of their needs, institutional clients also value our risk management capabilities, designed to address the stringent requirements they face from their stakeholders, including beneficiaries and supervisory bodies.

We maintain a strong network of distribution partners, including financial intermediaries and advisers, whose clients represent 47.5%[1] of our investment management assets. These investors are typically more sensitive to investment trends and broader financial market developments than institutional clients, which can result in concentrated inflows into a limited number of strongly-performing products and accelerated outflows during extended market downturns. We therefore offer a broad range of distinctive products across liquid asset classes and investment styles in order to ensure a successful rotation of products through market cycles.

Investment performance[1]

Capability	3 years 2019	3 years 2018	5 years 2019	5 years 2018
Fixed income	89%	81%	89%	80%
Equity	22%	24%	43%	17%
Alternatives [2]	13%	24%	13%	15%
Systematic	81%	60%	81%	47%
Absolute return	77%	49%	50%	53%
Total	**74%**	**66%**	**78%**	**63%**

[1] % of AuM in funds outperforming their benchmark (excluding mandates and segregated accounts). Three and five-year investment performance based on applicable AuM of CHF 30.7 billion and CHF 30.3 billion respectively.

[2] Reflects performance of products in alternative investment solutions.

Our private clients business represents 7.4% of investment management assets. These clients value GAM's high standards of service, comprehensive investment expertise across many asset classes and bespoke solutions based on individual requirements.

Markets, flows and investment performance

In 2019, markets were confronted with an uncertainty-induced slowdown in global economic activity. This was primarily the result of concerns about tariffs, global trade, industrial production and slowing investment in global supply chains. Although services, consumption and employment remained relatively immune to weakness in global production, investors rapidly discounted a further easing of global monetary policy. Responding to the risk that economic weakness might spread, as well as to subdued inflation expectations, the Federal Reserve eased policy with three quarter-point rate cuts. Other main central banks reaffirmed their commitment to easing monetary policies.

As a consequence, global government bond yields fell sharply over the first nine months of 2019 with yields reaching new lows in many countries as well as in Europe. Somewhat surprising was the relatively subdued reaction of global equity indices which briefly dipped in the third quarter of the year, then recovered.

Despite concerns that weaker economic growth would impair corporate earnings, investors placed considerable faith in easing monetary policy. The absence of compelling alternatives to equities in fixed income or elsewhere also supported stock market performance. Moreover, beneath the broad index level, 2019 was characterised by substantial rotation between sectors and investment styles. In the first three quarters of 2019, falling interest rates mostly supported defensive plays, such as quality, minimum volatility and dividend yielding stocks at the expense of cyclicals or value.

By the beginning of the fourth quarter, however, optimism about a trade deal between the US and China, receding fears of a 'hard Brexit' as well as signs that the global trade and manufacturing slumps were ending helped to push bond yields higher, leading to steeper yield curves and a rotation back into more cyclically sensitive sectors and regions in global equity markets.

Looking ahead to 2020, risks remain, among them Brexit resolution after the UK general election and the trade deal between the US and China. However, we expect the underpinnings for the world economy to be satisfactory if trade and political tensions abate. Employment levels are high, financial conditions reasonable and the production cycle appears to have bottomed. Investment in new technologies remains a source of fundamental long-term growth.

In capital markets, stock and bond valuations are high, suggesting that the outlook for returns in conventional liquid assets is likely to be modest. Opportunity resides in lower risk premiums which could unlock performance in emerging markets, cyclicals and financials. In many regions, above all Europe, demand for assets that can provide income is likely to remain robust, given very low or negative yields on government bonds and high quality corporate debt. Lower returns, shifting correlations and episodic volatility will continue to drive investor demand for instruments that diversify portfolios and enhance risk-adjusted returns.

Over the three-year period to 31 December 2019, 74% of our assets under management in funds outperformed their respective benchmark, compared to 66% which outperformed over three years to 31 December 2018. This increase was primarily driven by a stronger performance of certain fixed income and systematic strategies. Over the five-year period to 31 December 2019, 78% of our assets under management in funds outperformed their respective benchmark, compared with 63% that outperformed over five years to 31 December 2018. This increase was primarily driven by the improved performance of certain fixed income, systematic and equity strategies.

As at 31 December 2019, 27% and 86% of GAM's assets under management tracked by Morningstar[3] outperformed their respective peer groups over three and five years.

Excluding the ARBF-related assets under management of CHF 1.45 billion subject to liquidation as at 31 December 2018, overall net outflows in investment management totalled CHF 11.1 billion[4]. Intermediary clients redeemed CHF 4.8 billion, institutional clients CHF 5.2 billion and private clients CHF 1.1 billion in 2019.

In fixed income, net outflows totalled CHF 5.1 billion, primarily driven by the GAM Greensill Supply Chain Finance, GAM Local Emerging Bond and GAM Emerging Bond funds as well as some institutional mandates that recorded client redemptions, which were only partially offset by inflows into the GAM Star Credit Opportunities fund and GAM Cat Bond strategies.

In equity, GAM saw net outflows of CHF 3.3 billion. Net inflows in the GAM Star European Equity, GAM UK Equity Income, GAM Emerging Markets Equity funds and inflows into a Japanese institutional equity mandate were more than offset primarily by withdrawals from the GAM Star Continental European Equity, GAM Japan Equity, GAM Star China Equity, GAM Europe Focus Equity and GAM Euroland Value Equity funds.

Multi asset strategies experienced net outflows of CHF 0.8 billion in 2019, driven by redemptions from institutional and private clients.

In alternatives, GAM saw net outflows of CHF 0.7 billion, with inflows into the GAM Select fund more than offset by outflows from institutional mandates.

Spotlight on selected products

GAM Systematic Dynamic Credit

GAM Systematic Dynamic Credit, an innovative credit fund that celebrated its one-year anniversary in December 2019, aims to outperform global credit markets on an absolute and risk-adjusted basis over a cycle. The fund targets full upside participation combined with downside protection in times of market drawdown, aiming to have low correlation patterns to traditional credit products and other major asset classes. The Cambridge-based team uses a purely model-driven, rules-based process that allows for a highly structured, repeatable, real-time approach. The model excludes human bias otherwise inherent in traditional active credit strategies, while use of only the most liquid credit and interest rate derivatives allows for a maximum level of transparency, liquidity, scalability and cost efficiency.

GAM UK Equity Income

GAM UK Equity Income is a core equity income fund which actively invests in stable, cash-generative companies with strong dividend prospects, in a bid to deliver steady income and capital growth. Renowned equity income investor, Adrian Gosden, has applied a consistent and repeatable approach to equity income portfolios for over 20 years and has a strong track record investing in the sector. He manages the fund with Chris Morrison, who has specialist expertise in UK equity research and fund management. Their long-standing process enables them to remain long term in their conviction when selecting stocks, yet agile enough to react to market challenges. The result is an active, concentrated and liquid portfolio diversified across sectors and market caps.

GAM Asian Income Bond

GAM Asian Income Bond aims to deliver a high, steady income stream from the hard currency bonds of companies based predominantly in Asia. GAM's Asian Bond team is led by experienced credit manager, Amy Kam, who has been ranked as one of Asset magazine's most astute investors in Asian G3 bonds for six consecutive years. The team seeks to profit from Asian bond market inefficiencies and exploit opportunities for both capital gain and carry, by combining bottom-up bond selection with a detailed understanding of the geopolitical and macroeconomic environment. The high-conviction, concentrated portfolio holds approximately 60-80 securities with an average BBB to BB credit rating.

In addition, assets under management further decreased by CHF 1.9 billion from the sale of the precious metal funds to ZKB as announced with the H1 2019 results. GAM continues to act as the fund management company for the precious metal funds through its PLF business.

In systematic, net outflows of CHF 0.4 billion were driven by outflows from the CCP Quantitative and CCP Core Macro funds, only partly offset by inflows into the alternative risk premia strategies.

The absolute return category recorded net outflows of CHF 0.8 billion, mainly from the GAM Star Global Rates, GAM Star (Lux) European Alpha and GAM Absolute Return Europe funds.

[3] The peer group comparison is based on 'industry-standard' Morningstar Direct Sector Classification. The share class preferences in Morningstar have been set to capture the oldest institutional accumulation share class for each and every fund in a given peer group.

[4] Excluding ARBF-related assets under management liquidated in 2019.

Private labelling

Our private label funds are tailored products designed for banks, insurers, independent asset managers and institutional investors. Private labelling provides fund solutions focused on structuring, legal set-up, fund administration arrangements and ongoing management company services. These services allow our clients to focus fully on asset management and fund distribution. We launched our first private label fund in 1992 and have since then designed and launched several hundred funds domiciled in Switzerland and Luxembourg. Our private labelling business operates 217 third party funds, including 24 funds launched in 2019, ranking us within the largest non-bank fund solution providers in Europe.

Growth in our private labelling business has been underpinned by the increasing trend within the asset management industry to outsource fund solution services due to increased regulation and cost pressures. Demand for such services is growing particularly in large international fund centres such as Luxembourg and Ireland, as asset managers seek to expand their product offering available for cross-border distribution. Additionally, asset managers of all sizes are seeking assistance with the increased complexity of new products, such as illiquid alternative investment funds.

Private labelling accounts for 10.2% of our total net management fees and commissions. While these services have comparatively low fee margins, they provide effective operating leverage on the infrastructure that we have in place to run our own investment management activities and offer significantly higher persistency of assets than in traditional investment management. Importantly, we expect continued growth in our private labelling business, which provides a unique complement to our investment management business.

Clients can choose from a modular service offering. We provide risk management, compliance and fund governance for newly-created or already existing funds of our clients. The fund engineering module provides legal and operational engineering of our clients' investment ideas into fund structures as well as accompanying project and lifecycle management. We also support our clients' efforts by providing access to some global distribution networks and international registration and documentation, such as fund factsheets. Our private label clients benefit from our strategic business relationships by gaining access to a world-class service provider in the area of fund administration and custody.

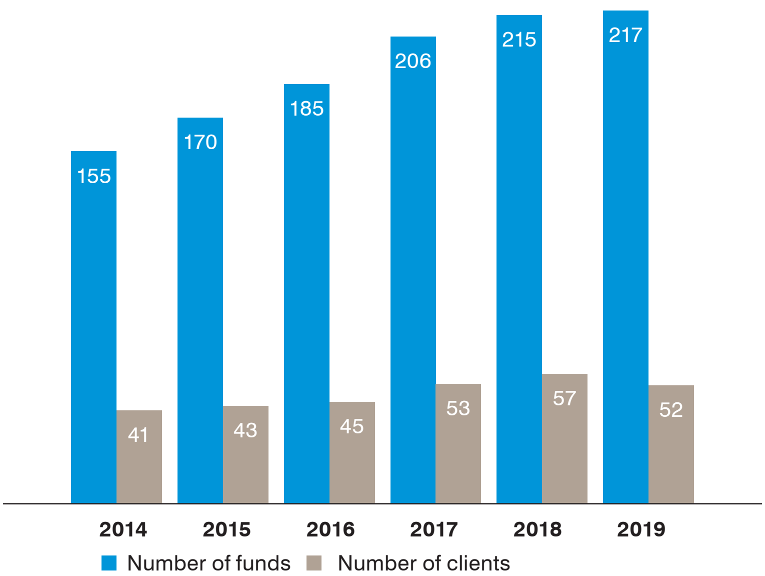
We believe our offering is attractive for clients globally – in Europe, the US as well as in Asia. Given our quality service offering, including use of in-house tax and legal experts and risk management capabilities, and the considerable effort involved in setting up tailored solutions, client assets in this business are typically stable once acquired.

Our Luxembourg-based fund management company ranked in the top three in terms of third-party assets under management according to the latest release of PwC's Observatory for Management Companies – 2019 Barometer.[5]

Assets under management rose to CHF 84.3 billion as at 31 December 2019, from CHF 76.1 billion in 2018. This was driven by net inflows of CHF 1.1 billion, primarily due to new clients as well as positive market performance of CHF 9.0 billion, partly offset by negative foreign exchange movements of CHF 1.9 billion.

[5] Published in April 2019.

Private labelling funds and clients



FINANCIAL REVIEW

How we report results

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

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 underlying results 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 potential. Where applicable, our KPIs are disclosed and discussed on the same adjusted basis.

Unless otherwise stated, all figures for 2018 are restated following GAM's announcement on 30 January 2020 and the decision of the Sanctions Commission of SIX Exchange Regulation AG, that GAM is required to recognise a financial liability relating to 40% of future Cantab performance fees payable to the former partners following the acquisition of Cantab and thus restate historical comparative amounts.

Our Group KPIs:
Diluted underlying earnings per share (EPS) is calculated as the underlying net profit attributable to ordinary equity holders, divided by the weighted average number of ordinary shares outstanding and adjusted for the potential dilution impact from any outstanding share or option plans. It is important that the use of equity-linked instruments and share-based awards in our compensation structure is reflected in this earnings measure (please refer to the 'Compensation report' section on pages 74–97).

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 (expenses)/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 good representation of the operating performance in our business.

Compensation ratio is calculated as total personnel expenses divided by net fee and commission income. It tracks our ability to manage our largest expense category – personnel expenses – in line with net fee and commission income, the source of revenues that drives most of the compensation at GAM.

Underlying profit before taxes and the underlying effective tax rate give emphasis to our pre-tax profitability and 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 is defined as cash and cash equivalents minus interest bearing liabilities.

Adjusted tangible equity is defined as equity excluding goodwill and other intangible assets as well as the financial liability relating to 40% of future Cantab performance fees which only materialises when a corresponding asset is recognised.

Business metrics for investment management and private labelling:
Net fee and commission income is defined as fee and commission income minus distribution, fee and commission expenses. It includes performance fees, but excludes net other (expenses)/income.

Management fee margin 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 in investment management are broken down by capability, client segment and currency. In private labelling, assets are disclosed by fund domicile and asset class.

Net flows represent the net asset additions or redemptions by clients. For our investment management business, we additionally disclose the net flows by individual capability and client segment. These developments are discussed in the 'Our businesses' section on pages 14–23.

Assets under management and net flows

Group assets under management as at 31 December 2019 amounted to CHF 132.7 billion[1], compared with CHF 132.2 billion[6] a year earlier.

Investment management assets decreased by CHF 7.7 billion to CHF 48.4 billion[1] from CHF 56.1 billion[6] at the end of 2018. This decrease is explained by non-ARBF related outflows of CHF 11.1 billion[4], the sale of precious metal funds of CHF 1.9 billion as announced with the H1 2019 results, only partially offset by net positive market and foreign exchange movements of

[6] Excluding CHF 1.45 billion ARBF-related assets under management in liquidation as at 31 December 2018.

CHF 5.3 billion. Private labelling assets were CHF 84.3 billion, an increase of CHF 8.2 billion compared to year-end 2018, driven by net inflows of CHF 1.1 billion and net positive market and foreign exchange movements of CHF 7.1 billion.

Income drivers and developments

Management fee margins

The management fee margin earned on investment management assets during 2019 was 54.2 basis points, compared to 59.1 basis points in 2018. The change in the mix of assets under management across products and client segments, in particular outflows from higher-margin products in the second half of 2018, were the main contributors to this decline.

In private labelling, the management fee margin was 3.9 basis points, compared with 5.4 basis points in 2018, with the reduction primarily reflecting a lower margin on new assets compared with the existing portfolio and the move of one large client to a more appropriate market rate with a long-term contract.

Management fees

Net management fees and commissions in 2019 totalled CHF 317.1 million, down 36% from the previous year. This was primarily driven by lower average assets under management in investment management and the reduction in the management fee margins for investment management and private labelling as explained above, only partly offset by higher average assets under management in private labelling.

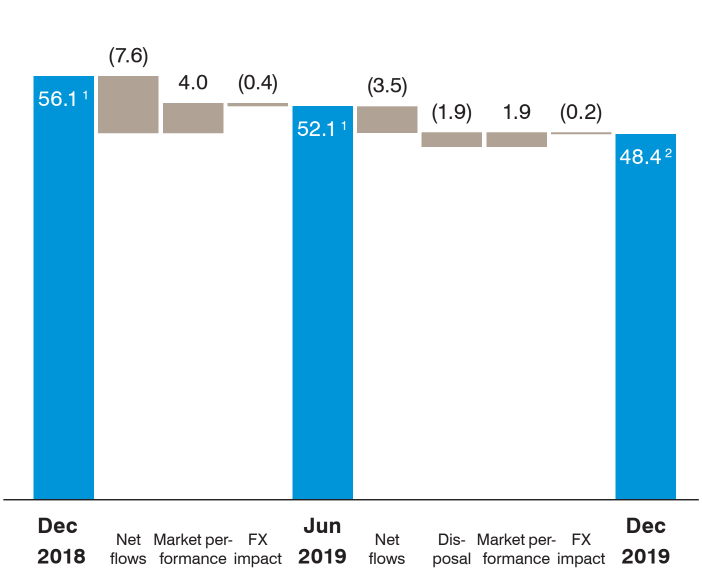
Performance fees

Net performance fees increased to CHF 12.8 million from CHF 4.5 million, with systematic, alternative investment solutions and fixed income strategies contributing the majority of these fees.

Net other (expenses)/income

Net other (expenses)/income which includes net interest income and expenses, the impact of foreign exchange movements, gains and losses on seed capital investments and hedging as well as fund-related fees and service charges, decreased by CHF 4.0 million compared to 2018. The net other expense of CHF 3.7 million in 2019 was primarily

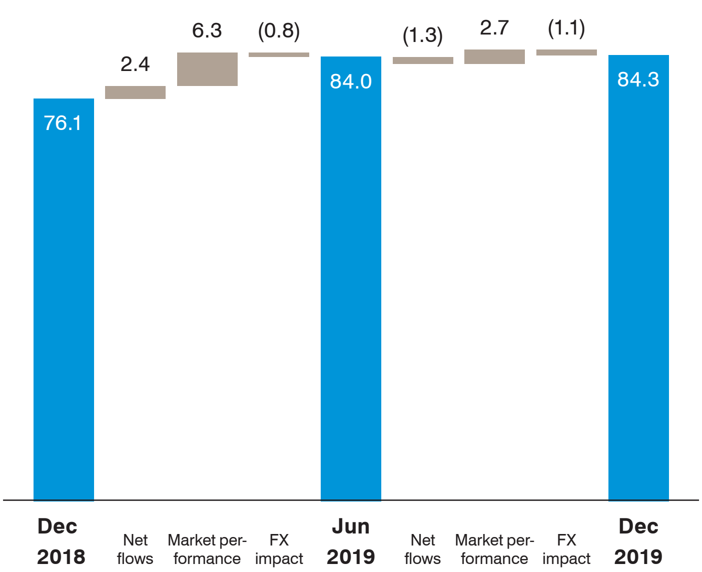
Investment management AuM movements (CHF bn)



[1] Excluding CHF 1.45 billion ARBF-related assets under management in liquidation as at 31 December 2018 and CHF 1.0 billion as at 30 June 2019.

[2] Including CHF 0.3 billion of money market funds as at 31 December 2019, which GAM agreed to sell to ZKB as announced with the H1 2019 results.

Private labelling AuM movements (CHF bn)



driven by lower fund-related fees and service income as well as higher interest expenses and lower rent income from the sublease of certain office spaces as a result of the implementation of the new IFRS lease standard as of January 2019.

Expense drivers and developments

Personnel expenses

Personnel expenses decreased by 18% to CHF 197.0 million in 2019. Variable compensation was 33% lower compared to 2018, mainly due to a decrease in discretionary and contractual bonuses as a result of business performance and lower revenues. Fixed personnel costs decreased 9%, mainly driven by the impact of our restructuring programme resulting in lower headcount. Headcount was at 817 FTEs as at 31 December 2019 compared with 925 FTEs in the previous year.

Compensation ratio

The compensation ratio increased to 59.7% from 47.9% in 2018 as the percentage decline in personnel expenses could only partly offset the percentage decline in net fee and commission income.

General expenses

General expenses for 2019 amounted to CHF 99.6 million, down 22% from the previous year. This was driven by the implementation of restructuring measures, lower discretionary spend and the impact of the new IFRS lease standard adopted in January 2019.

Depreciation and amortisation

Depreciation and amortisation increased to CHF 19.1 million, up from CHF 6.2 million in 2018 primarily as a result of the implementation of the new IFRS lease standard as of January 2019 and higher software amortisation.

Operating margin

The operating margin for 2019 was 4.3% compared with 25.3% in 2018. The decrease in net fee and commission income was only partly offset by lower expenses.

Underlying profitability and earnings per share

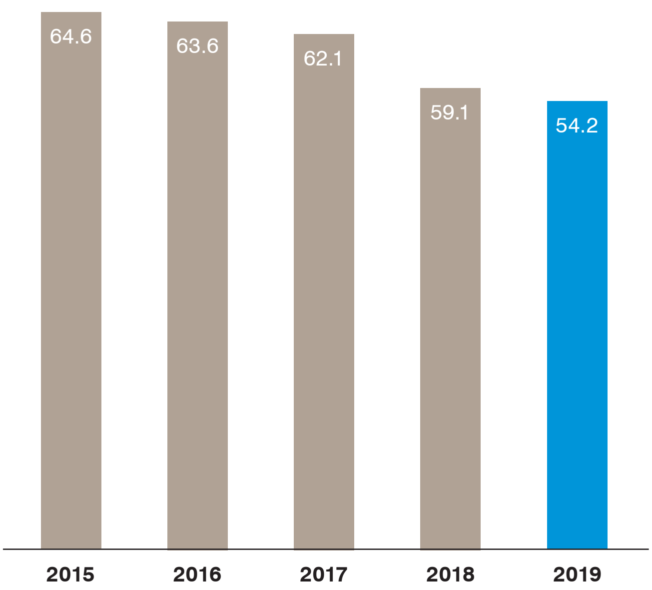
Underlying profit before taxes

The underlying pre-tax profit was CHF 10.5 million, compared with CHF 126.7 million in 2018, driven by lower net fee and commission income, only partly offset by lower expenses, which continued to be managed tightly.

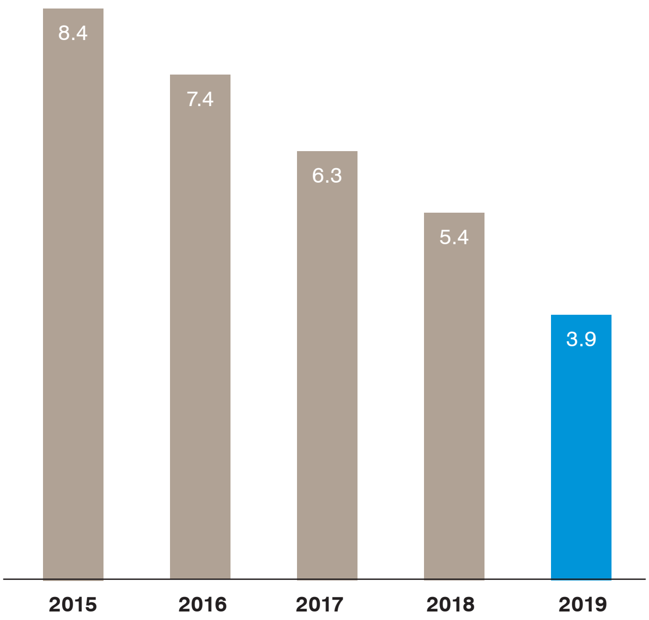
Effective tax rate

The underlying tax expense for 2019 was CHF 5.6 million, representing an underlying effective tax rate of 53.3%

Management fee margin – investment management (bps)



Management fee margin – private labelling (bps)



compared to 22.5% in 2018. The effective tax rate increase was primarily driven by non-taxable holding company costs and expenses which are not tax deductible representing a significantly higher proportion of underlying profit before taxes.

Earnings per share

Diluted underlying earnings per share for 2019 were CHF 0.03, down from CHF 0.63 in 2018, resulting from the lower underlying net profit.

IFRS net loss

Our net loss according to IFRS in 2019 was CHF 3.5 million compared to a net loss of CHF 916.8 million in 2018. In 2018, an impairment charge on the Group's goodwill of CHF 872.0 million was recognised along with investment management and client contract impairment charges of CHF 183.7 million (net of taxes).

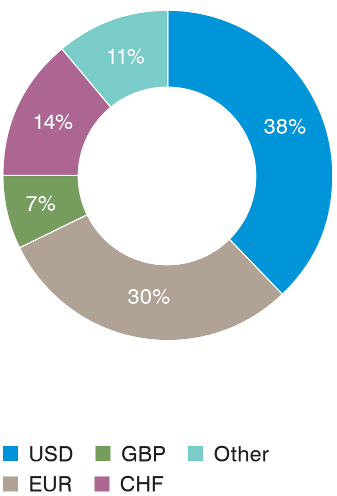
Non-recurring and acquisition-related items excluded from underlying profits

The following items, all net of taxes, reflected in our results according to IFRS, are excluded from our underlying profits:

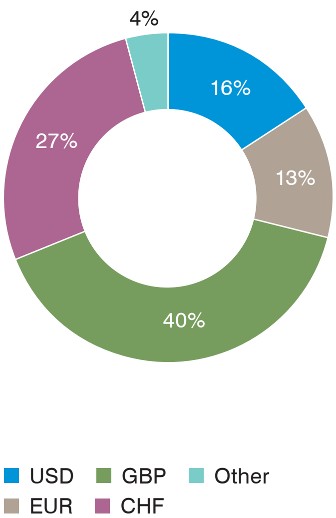
Non-recurring items, resulting in a net gain of CHF 2.8 million (all items net of taxes). This mainly includes the gain from the sale of the precious metal funds to ZKB as announced with the H1 2019 results and insurance recoveries, offset by an impairment charge on the investment management and client contracts mainly related to Cantab. In 2018, the non-recurring items resulted in a net loss of CHF 1,102.1 million, mainly attributable to impairment charges on the Group's goodwill as well as on the investment management and client contracts primarily related to the acquisition of Cantab, and reorganisation charges related to the Group's restructuring programme.

Acquisition-related items, resulting in a net loss of CHF 11.2 million (all items net of taxes). These include adjustments to the deferred consideration liabilities mainly related to the acquisition of Cantab. These liabilities represent the part of the purchase price which was deferred over multiple years and linked to future revenues or profitability of relevant businesses. It further includes the adjustment to the financial liability relating to 40% of future Cantab performance fees following the acquisition of Cantab. These gains from the net reduction in these liabilities were more than offset by the amortisation of investment management and client contracts from businesses acquired in 2016 and prior years, and finance charges on the deferred consideration and the future performance fee payment liabilities. In 2018 the acquisition-related items resulted in a net gain of CHF 87.1 million as a reduction in

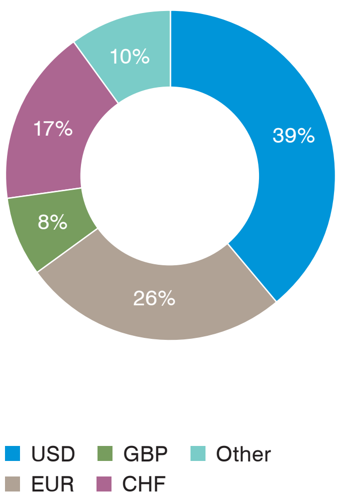
Group income[1]



Group expenses[2]



Investment management AuM[3]



[1] Percentage splits are estimated based upon the currency exposure of the underlying AuM on which the revenues are earned.

[2] Percentage splits are estimated based upon the transactional currency, except for contractual bonuses which follow the same basis as revenue.

[3] Including CHF 0.3 billion of money market funds as at 31 December 2019, which GAM agreed to sell to ZKB as announced with the H1 2019 results.

Group income statement

	2019 CHF m	2018 CHF m restated [1]	Change in %
Net management fees and commissions	317.1	495.4	(36)
Net performance fees	12.8	4.5	184
Net fee and commission income	**329.9**	**499.9**	**(34)**
Net other (expenses)/income	(3.7)	0.3	-
Income	**326.2**	**500.2**	**(35)**
Personnel expenses	197.0	239.6	(18)
Fixed personnel expenses	139.9	153.9	(9)
Variable personnel expenses	57.1	85.7	(33)
General expenses	99.6	127.7	(22)
Occupancy	8.0	22.2	(64)
Technology and communication	19.0	14.1	35
Data and research	20.7	23.4	(12)
Professional and consulting services	18.1	17.6	3
Marketing and travel	13.9	17.6	(21)
Administration	7.0	9.5	(26)
Other general expenses	12.9	23.3	(45)
Depreciation and amortisation	19.1	6.2	208
Expenses	**315.7**	**373.5**	**(15)**
Underlying profit before taxes	**10.5**	**126.7**	**(92)**
Underlying income tax expense	5.6	28.5	(80)
Underlying net profit	**4.9**	**98.2**	**(95)**
Acquisition-related items	(12.5)	82.3	-
Non-recurring items	3.2	(1,130.1)	-
Tax on acquisition-related items	1.3	4.8	-
Tax on non-recurring items	0.3	32.6	-
Non-recurring tax item	(0.7)	(4.6)	-
IFRS net loss	**(3.5)**	**(916.8)**	**-**

[1] Comparative figures have been restated. For further information see consolidated financial statements note 28.1.

deferred consideration and the future performance fee payment liabilities was only partly offset by amortisation and finance charges.

Balance sheet[7] and capital management

Assets and net cash

Total assets as at 31 December 2019 were CHF 1,335.1 million, compared to CHF 1,328.2 million a year earlier. This includes goodwill and other intangible assets of CHF 713.1 million, which decreased CHF 11.4 million compared to 2018, primarily due to the impairment and amortisation charges on investment management and client contracts.

Cash and cash equivalents at the end of 2019 amounted to CHF 315.8 million, down from CHF 328.2 million one year earlier, reflecting the net redemptions of investments in seed capital and cash flows generated from operating activities being more than offset by acquisition-related deferred consideration payments primarily related to Cantab, payments associated with redundancies in connection with the restructuring programme and expenditure capitalised relating to the London office move.

Liabilities and adjusted tangible equity

Total liabilities as at 31 December 2019 were CHF 460.1 million, up from CHF 447.0 million one year ago. The increase mainly reflects the impact of the new IFRS lease standard adopted in January 2019, partially offset by the decrease of deferred consideration liabilities primarily related to Cantab, lower variable compensation accruals as well as the partial settlement of restructuring-related provisions.

Adjusted tangible equity at the end of 2019 was CHF 197.2 million, compared with CHF 184.6 million a year earlier. The main contributor to this increase was that the IFRS net loss was more than offset by the impairment and amortisation of investment management and client contracts.

As at 31 December 2019 the Group had no financial debt, as in previous years. However, the Group has credit facilities with two banks totalling CHF 80 million, which are subject to customary financial covenants.

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 at 31 December 2019, the holding of own shares of 4.1 million was equivalent to 2.6% of shares in issue. All of these shares were bought back over the regular trading line at the SIX Swiss Exchange (first trading line) and held to cover the obligations under share-based compensation plans. This position decreased by 0.5 million shares, reflecting shares delivered to settle obligations under share-based compensation plans.

Share buy-back programme 2017–2020

The Group's share buy-back programme, for the purpose of capital reduction, started on 28 April 2017, following the expiration of its predecessor programme. It allows for the repurchase of up to 16.0 million shares over a maximum period of three years. The share buy-backs would be executed over a second trading line at the SIX Swiss Exchange, where GAM Holding AG acts as sole buyer, and are funded from the Group's cash flows. No share buy-backs were made during 2019.

Dividend for the 2019 financial year

The Board of Directors proposes to shareholders that no dividend will be paid for 2019 given the low level of underlying net profit in 2019. The Board continues to target a minimum dividend pay-out of 50% of underlying net profit to shareholders.

Correction of comparative amounts in respect of the acquisition of Cantab

Following the decision of the Sanctions Commission of SIX Exchange Regulation AG as announced by GAM on 30 January 2020, the Group recognised a financial liability of future performance fee payments following the acquisition of Cantab. This change in accounting treatment is treated as an error in accordance with IAS 8, and thus historical comparative amounts have been restated. The restatement has no impact on the underlying results of the Group. For further information, please refer to note 28.1 on page 154 in the consolidated financial statements.

[7] The consolidated balance sheet can be found on page 103.

RISK MANAGEMENT

GAM recognises that the management of risk as part of our everyday activities is essential to support the achievement of our business and strategic objectives. Effective risk management is fundamental to all stakeholders of GAM, including our clients, shareholders, employees, regulators and business partners, and is of interest to the wider financial services sector. The Board of Directors of GAM Holding AG (the 'Board') is ultimately responsible for the stewardship of the Group's systems of risk management, governance and controls.

Our risk management framework

The Group's approach to risk management, governance and controls (the risk management framework ('RMF')) is a structured set of arrangements and processes that seek to identify, assess, mitigate, monitor and report risks across the Group. During the year, GAM continued to further strengthen our employees' understanding of the standards of conduct we expect as well as the various components of the RMF to ensure that they are aligned with evolving regulatory requirements and good industry and discipline practices. The various components of our RMF are outlined in the figure on the right.

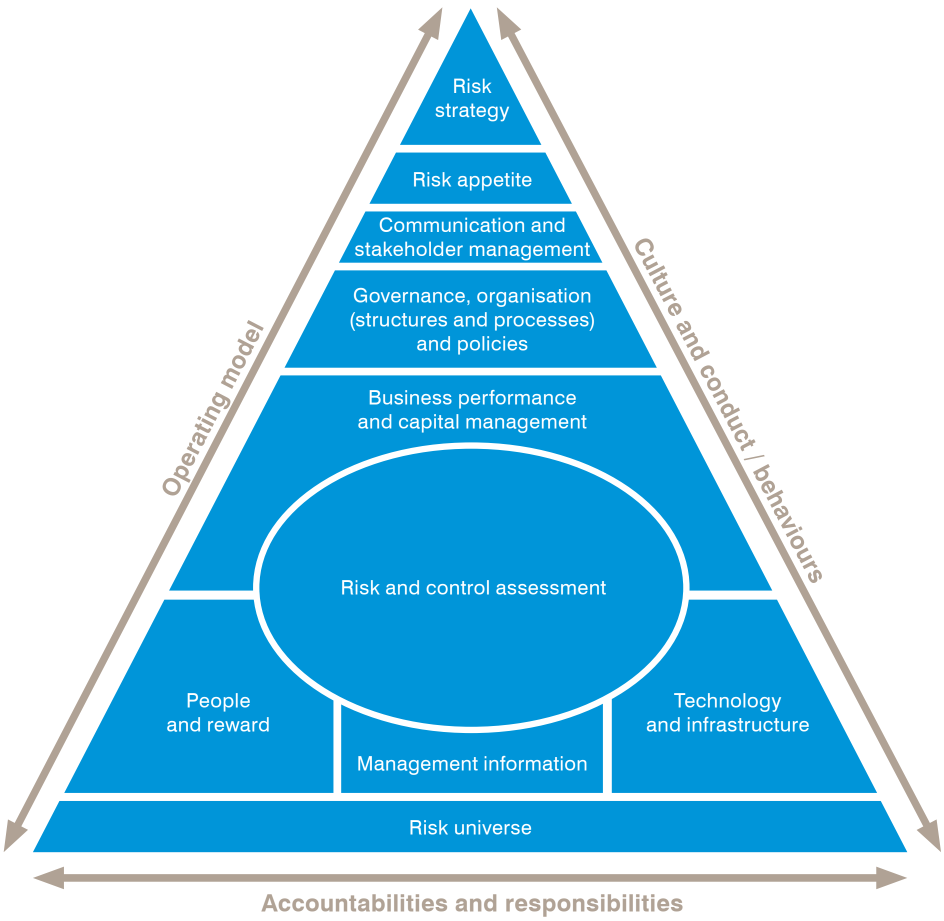
Risk strategy and appetite

Our risk strategy is based on the belief that risk management is the responsibility of everyone and that it must be integrated into the Group's strategy formulation, capital allocation, decision-making and day-to-day operations. Risk awareness is at the heart of our strategic planning process, supporting organisational decision-making, and the formulation and delivery of plans for the achievement of business and strategic objectives. Our RMF comprises tangible risk appetite statements (focusing on franchise value, capital, liquidity and profitability) and associated limits that define the level of risk GAM is willing to accept in pursuit of the achievement of our business and strategic objectives.

Communication and stakeholder management

Our stakeholders (clients, shareholders, employees, regulators and business partners) have an active interest in our performance and how we manage our risks. We communicate information that seeks to provide our stakeholders with confidence in our management of risk.

> "Risk management is not the responsibility of one single individual or department, but is the duty of all employees within the Group."
>
> **Peter Sanderson, Group Chief Executive Officer**



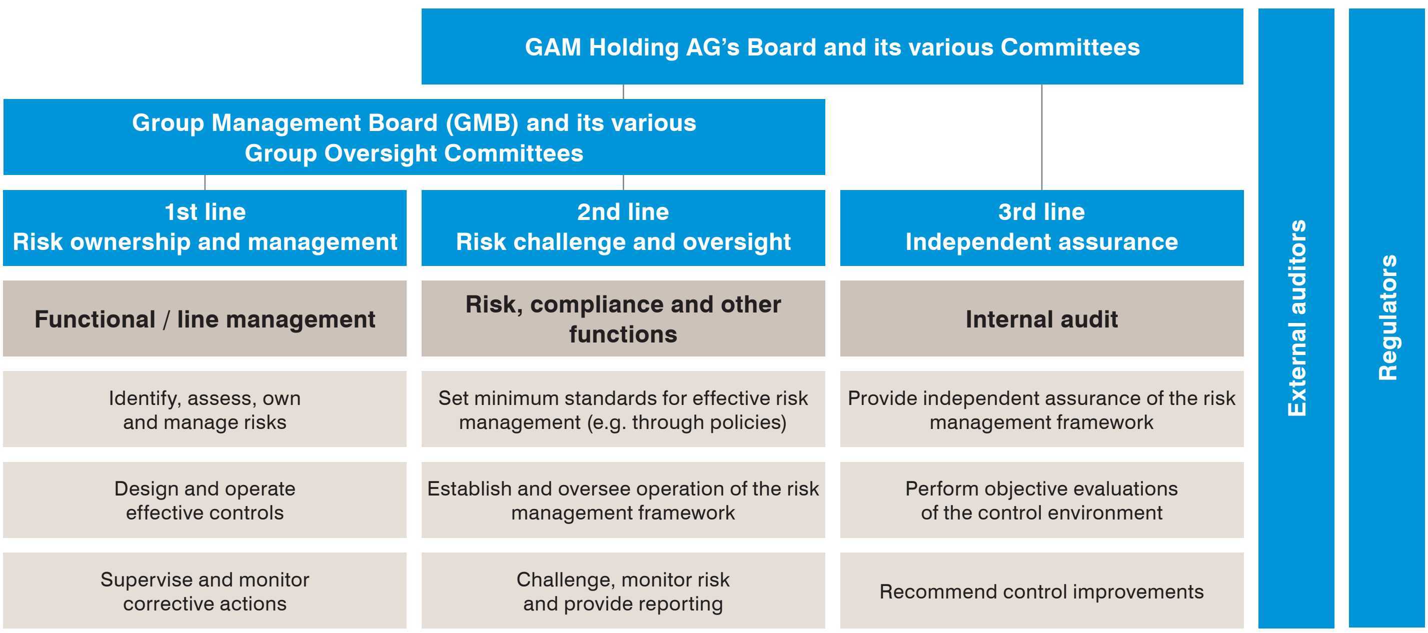
Governance, organisation (structures and processes) and policies
One of the keys to effective risk management is a risk governance structure that provides appropriate oversight, segregation of duties and adequate, effective and independent controls within a risk-conscious culture. Organisational structures and processes are in place with delegated authorities from a function and legal entity perspective. A policy management framework consisting of a set of Group policies supports the delivery of the organisation's business and strategic objectives by establishing operating principles and standards for managing GAM's risks across the organisation. Our RMF is underpinned by a three lines of defence/control model with defined accountabilities and responsibilities for risk management which are designed to deliver the standards of conduct that our stakeholders expect.

First line of defence/control
The overall management of risk is delegated by the Board to the Group CEO, the Group Management Board (GMB) members and their functions/ teams who define the structures and processes to manage the risks for which they are accountable across the Group. The GMB is responsible for implementing the Group's RMF, as determined by the Board. The first line's functional/line management owns all the risks assumed through their day-to-day activity and decision-making. They are responsible for establishing an appropriate management of risk and continuous and active management of all their risk exposures, as well as for ensuring that we are organised in a manner that provides appropriate segregation of duties and adequate, effective controls and we comply with all applicable contracts, laws and regulations. Each employee is charged with protecting our clients' interests by upholding GAM's standards of conduct and maintaining an effective control environment.

Second line of defence/control
Risk challenge and oversight is undertaken, among others, by the Group's risk, legal and compliance functions. These teams, who have independent reporting lines and seek to provide objective oversight of the efficiency and effectiveness of how risks are managed across the organisation, include:

- Investment risk analytics and oversight teams, who produce, review, analyse and challenge investment risk and performance. They produce a range of investment risk information for internal and external stakeholders as required.
- Investment controlling teams, who monitor our investment teams' adherence to applicable legal and

GAM's three lines of defence/control model



regulatory, prospectus, contractual and internal investment guidelines. They escalate any guideline breaches, oversee their timely remedy and report the details to the relevant management committees and legal entities' boards and, as required, applicable external auditors and regulators.
- Operational risk teams, who perform reviews of business processes and risk and control self-assessments, monitor the performance of business processes using defined key risk and performance indicators, test controls and analyse operational incidents. They maintain an active dialogue with first line business process owners.
- Local risk teams oversee and monitor both financial and non-financial risks, from both an agency and proprietary perspective. They challenge risks within their geographic region and the controls in place, providing support to the business in designing solutions to mitigate key sensitive areas.
- Legal and compliance teams, who monitor a range of legal and regulatory risks, including anti-money laundering, financial crime, best execution, fair trade allocation, data protection, conflicts of interest and employee dealings. They interact with investment controlling teams and first line business areas to oversee and monitor the regulatory risk landscape.

In addition to the controls performed by the first line of defence/control, independent controls commensurate with the nature and size of the risks are performed by the second line of defence/control. Furthermore, the second line of defence/control independently monitors the effectiveness of the first line of defence/control's risk management and oversees their risk taking activities.

Third line of defence/control
The internal audit function provides independent, objective assurance and advisory services to the Board, the Audit Committee of the Board and the GMB. It carries out operational and system audits in accordance with a risk-based internal audit plan. The internal audit function uses a systematic, disciplined approach to evaluate the effectiveness of risk management, governance and control processes.

Business performance and capital management
Business performance is regularly reported to the GMB and Board against the objectives in the annual plan (budget). A Group capital management policy is in place to support the allocation of the Group's capital, in line with local regulatory capital requirements.

Risk and control assessment
Our risk assessment process considers the potential impact (both direct and indirect) that internal and external events might have on the Group. This process starts with the identification of significant inherent (gross) risks and is followed by an assessment of the effectiveness of existing controls and/or other mitigating measures that could be taken, resulting in an assessment of residual risk. Relevant assessments are also reviewed and agreed by the GMB and/or one of its applicable Group oversight committees, and, as applicable, the Board's committees and/or the Board, and are also used for our risk-based internal audit planning and for strategic planning purposes. Within the first line of defence/control, a risk and control self-assessment process is used by management to identify and assess the different risks GAM faces and the controls in place for their management.

People and reward
Expectations for risk management are driven by a clear tone-from-the-top. Our management seek to operate a risk-managed culture, through measurement and management of individual and collective performance and appropriate remuneration and reward. A Group code of conduct exists and training is provided to support the delivery of the conduct and behaviours expected of our employees.

Management information
Monitoring and reporting of risk across the business takes place within the first and second lines of defence/control. Management information is provided to management committees, legal entities' boards, Group oversight committees, the GMB, the Board's committees and the Board. Regular and ad hoc risk reporting is provided detailing the risks GAM is facing.

Technology and infrastructure
Systems are employed to support the identification, assessment, mitigation, monitoring and reporting of risk across our three lines of defence/control. Management is required to document their key risks and controls and evidence their assessment on a regular basis as part of the risk and control self-assessment process.

Risk universe
The Group's risk universe is dynamic and evolves as the business and market environment changes. The identification of existing and potentially newly emerging risks is an ongoing activity, involving all management levels within the Group, as well as legal entities' boards, the GMB, the Board's committees and the Board.

Key risks

We define risk as any potential event that may have an adverse effect on the Group's ability to achieve its business objectives or execute its strategy successfully, consequently preventing value creation or eroding existing value. In common with many businesses, GAM is exposed to a range of risks across many of its activities. We classify risks according to our risk universe, which comprises a range of strategic and business, operational and financial risks as described on the following page. Further, the Group's ability to conduct its business is critically dependent on its reputation. A good reputation is vitally important for the Group and requires that every employee, but in particular those involved in decision-making, makes the Group's reputation an overriding concern. Responsibility for the risk of damage to the Group's reputation cannot be delegated or syndicated.

Strategic and business risks
Strategic and business risks represent those external or internal 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.

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

Financial risks
Financial risks comprise the risk of losses arising from market, credit and financial soundness-related risks that could lead to erosion of our market position, compromise the future profitability of the Group, or impair the sustainability of our business. A description of the Group's financial risk disclosures in accordance with International Financial Reporting Standards (IFRS) 7 is included in note 19 of the consolidated financial statements.

The key risks identified in light of the current environment, market conditions and changes within the business include:

Revenues and product profitability
We operate in a competitive environment and therefore are subject to the changing dynamics in the asset management industry that could lead to a reduction in historical product profit margins. Additionally, a significant loss of assets under management could significantly impact our management fee revenues. Our focus remains on delivering investment outperformance so that our products remain in demand from clients. We continually consider further developing our product offering to generate new investment opportunities so that we can ensure the breadth of our product range is differentiated and attractive to potential investors.

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/or higher outflows. We have a targeted set of products that offer investors a range of risk/return profiles, depending on their risk appetite.

Loss of key staff
The departure of key staff, in particular, but not limited to, investment professionals, could result in a loss of knowledge or expertise and, in certain cases may lead to a fall in assets under management and potentially impact our revenues and profitability. Incentive packages are designed to be competitive and to recognise and reward good performance and expected standards of conduct. Scale and product diversification also serve to mitigate potential loss of investment professionals.

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 are 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, increased outflows and lower future inflows, thereby reducing assets under management as well as management and performance fee revenues. We maintain oversight of the performance of our investment professionals and compare performance against appropriate benchmarks, and take active steps to address underperformance where required.

Client concentration
We have four broad client groups: institutional investors, who are often advised by consultants; retail investors, who are typically intermediated through banks, brokers and independent advisers; private clients and charities; and professional money managers, who typically purchase GAM's fund management company services allowing them to focus solely on the management of private label structures. 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 seek to mitigate client concentration risk through the continued growth and diversification of our distribution network across multiple geographic regions.

Foreign exchange
The Group reports its results in Swiss francs. It is exposed to foreign exchange risk as a large proportion of its revenues and expenses relate to currencies other than its Swiss franc reporting currency. Fluctuations in exchange rates against the Swiss franc can 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 19.2 of the consolidated financial statements.

Legal and regulatory change
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. 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. Our legal and compliance functions support the Group's entities with individuals with experience across a range of legal and regulatory topics.

Implications of the UK leaving the EU
Access to the EU and UK markets for a fund product depends on the regulation of the investment manager and the distributor as well as of the fund product itself. The majority of the fund products we manage have the EU as their legal domicile (Luxembourg or Ireland) and we have offices in several EU countries as well as in the UK and Switzerland, with staff in a diverse set of roles – from investment management to distribution and support – in most of the locations. We continue to closely monitor the negotiation between the UK and the EU in order to be prepared for potential fundamental changes in the regulatory or operating environment.

Fiscal changes
The Group has business operations spread across many countries, with varying effective corporate 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 fiscal developments and, in particular, periodically review our transfer pricing policies in order to ensure alignment with applicable international and local tax transfer pricing regulations.

Financial accounting
Accounting risk is the risk that our financial statements and other statutory and regulatory reporting do not accord with IFRS and/or other relevant statutory requirements, are not based on appropriate accounting policies and/or do not incorporate the 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 (see notes 29.2 to 29.3 of the consolidated financial statements). We maintain a group accounting and reporting manual, which is regularly reviewed to ensure consistent application of IFRS standards across the Group. We have regular dialogue with our external auditors to support their annual review.

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 and discount rates (see note 16 of the consolidated financial statements). Independent and qualified external resources are retained to evaluate current and future funding requirements of GAM's defined benefit plans.

Third-party supplier management
The Group depends, to varying degrees, on a number of key suppliers for various operational services, such as fund administration, accounting, custody, transfer agency, portfolio management, risk analytics and market data services. The failure of any key supplier to fulfil their obligations could lead to operational and/or regulatory issues for the Group, which could result in reputational harm and/or financial loss. In order to manage key supplier risk, we impose quality requirements in the supplier selection process and ensure service levels are sufficiently documented in our contractual agreements.

Organisational change
Organisational changes are conceived to increase overall operational efficiency, also to the benefit of key functions such as portfolio management and client servicing. Organisational changes are supported by dedicated project teams with the aim to transition services and ensure undisrupted daily activities. Oversight of GAM's change programme is maintained via dedicated project steering committees and the GMB.

Client servicing errors

The Group operates a range of operational systems which support the delivery of services to our clients. A significant error, such as client reporting errors, client fees errors, errors in fund prospectuses, trading errors, fund valuation and pricing errors, could materially impact our reputation, revenues and/or overall profitability. The Group operates a combination of automated and manual checking processes. Procedures for the delivery of client services are reviewed following any reported errors/near misses. We operate systems and processes that seek to ensure compliance with applicable investment guidelines.

Conduct

We face a range of conduct-related risks, some of which could result in us failing to meet our clients' needs or interests and/or client detriment. These risks include the risk of market abuse, money laundering or bribery, fines and/or censure associated with failing to identify or meet regulatory requirements. A Group code of conduct exists and training is provided to support the delivery of the conduct and behaviours expected of our employees. We seek to promote a risk-managed culture and provide compliance and ethics training to establish expectations of the conduct required from our employees. We review and, if required, update our internal policies and related training such as in relation to trade execution and allocation, conflicts of interest and gifts and entertainment. We maintain client on-boarding policies and procedures to manage the risk of money laundering.

Information security and technology

The Group relies on technology and sensitive information to achieve our clients' objectives. Factors such as unauthorised access, theft by third parties, failures to keep technology systems up to date, adaption to suit the changing requirements and data being held or transported insecurely, can potentially put our technology and information at risk. Resources are devoted to protecting the resilience of the Group's IT systems and we conduct information security awareness and training for all employees. We operate business continuity/disaster recovery plans to mitigate a loss of facilities/infrastructure. Regular information technology updates are undertaken and technical standards are in place to manage information security risk.

> "Effective risk management requires an in-depth understanding of the risks GAM faces and clear accountability and responsibility for their management."
>
> **Elmar Zumbuehl, Group Chief Risk Officer**

Effectiveness of controls and risk management

Although we have adopted standardised risk management and control processes and continue to further enhance on an ongoing basis our 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 each and every internal and external risk to our businesses. We are subject to the potential 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 standards, policies and procedures.

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.

CORPORATE SOCIAL RESPONSIBILITY

At GAM, corporate social responsibility is about recognising that we can have a tangible impact on society, the environment, and the communities in which we operate and serve. As a result, we strive to adhere to the highest standards and demonstrate probity in everything we do.

As a company, we strive for excellence and sustainability, acting responsibly across all of our activities and operations. As the world increasingly looks to businesses to address pressing social and economic issues, from climate change to gender inequality, our most powerful means of affecting change as an active asset manager is to invest our clients' assets responsibly. We set the highest standards for ourselves and the businesses in which we invest. We believe that our ethos as a company is fully aligned with our clients'. We therefore work with care and integrity to provide clients with opportunities to meet their investment goals. To achieve this, our independent investment teams take relevant factors, including environmental, social and governance (ESG) factors, into consideration when making their investment decisions. This is not just a matter of principle, but a key part of our strategy to restore long-term shareholder value. Investors are focusing more than ever on ESG issues and, to earn both retail and institutional mandates, asset managers must demonstrate a genuine commitment to integrating responsible investing into their business models.

Responsible investing at GAM

Responsible investing means putting our clients' long-term sustainable investment goals at the heart of our business. Along with our fiduciary duty, these goals form the basis for the investment considerations made by our independent investment teams, which are unconstrained and able to follow differentiated high-conviction investing styles. While each team has a unique and differentiated investment process, all operate within our centralised investment risk framework. Our independent Governance and Responsible Investment (GRI) team supports investment teams with research and insights on ESG factors.

In 2019, we built on the foundations of the previous year and made further progress in the area of responsible investing. We refined our investment processes where appropriate based on our ongoing understanding of the long-term trends affecting businesses, the public sector and society. We have integrated sustainable factors into investment processes across a wide range of asset classes, allowing us to follow a holistic approach in our investment decisions. This supports our aim to deliver sustainable long-term value for our clients and enables them to achieve their investment goals. We continued to intensify our engagement with companies on relevant ESG issues and actively voted at company meetings, which we see as instrumental to the improvement of corporate disclosure and transparency.

We made strides in delivering on our ultimate goal of measuring the environmental and social impact of our funds by integrating sophisticated data sets into our investment risk and fund review processes, allowing us to also produce pre-trade ESG screening tools. We are convinced that, with the targeted use of this data and research, we are better positioned to score the impact of our funds through Sustainable Development Goal scorecards as well as refining the way that we highlight ESG issues pre-investment and throughout the life cycle of investments.

Throughout 2019, the GRI team continued to provide comprehensive research, analytics and statistics to support the integration of ESG factors by our investment teams into their investment decisions. The team also continued to take responsibility for overseeing GAM's role as an active owner and steward of client capital, and helped to ensure we continue to evolve our responsible investment capabilities and credentials.

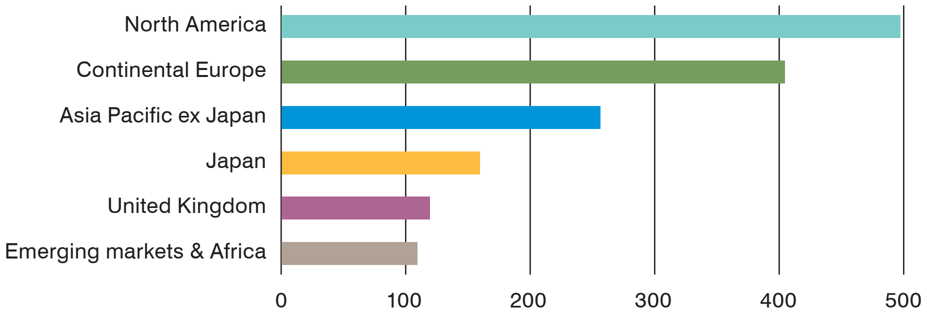
In 2020, we will start to implement a number of bespoke methodologies relevant to leveraging our insights into effective stewardship and governance, enabling our investment teams to systematically address ESG factors in their investment processes in a more targeted way. We believe this will ultimately lead to superior investment results over the long term for our clients, allowing them to achieve their investment goals but also provide real purpose to our employees.

The importance of active engagement

As an independent pure-play asset manager, both stewardship and governance are essential parts of our business philosophy. We use our formal rights, including proxy voting, shareholder resolutions and engagement with management, to influence companies in which we are invested and ensure our clients' capital delivers the returns they expect in a responsible and sustainable manner.

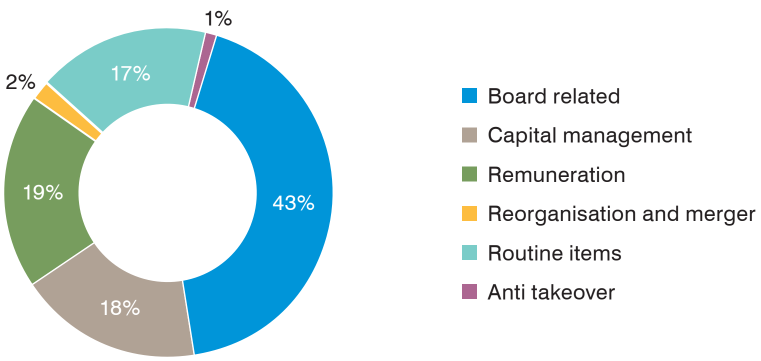
Meetings voted by geography

GAM voted at 1,491 company meetings representing 97% of meetings across all markets, compared to 1,638 meetings or 94% in 2018. In total, we voted on 17,478 resolutions.



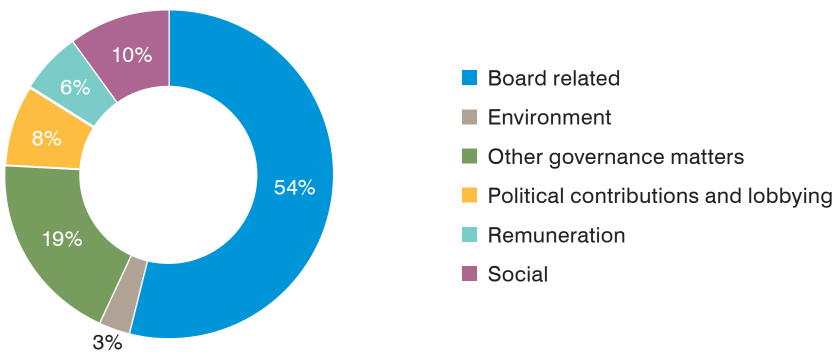
Votes against company proposals

In 2019, GAM voted against 8% of the resolutions submitted by companies for approval. Of those votes, 43% related to the board, 19% to remuneration and 18% to capital management.



Shareholder proposals supported by GAM

In 2019, there were 545 shareholder proposals of which GAM supported 67%, up from 63% in 2018. 87% of all shareholder proposals related to governance matters such as board, remuneration, political contributions and lobbying as well as other governance matters. The majority of shareholder proposals we supported were in relation to board composition (54%).



"By specifically taking ESG factors into account in our investment decisions, we meet our clients' desire to invest more sustainably and responsibly, thus better supporting the achievement of their investment goals."

Mark Harland, Head of Responsible Investment

Engaging with various stakeholders, regardless of whether we own equity or debt, provides us with valuable insights and helps shape our investment decisions. Active engagement builds our understanding of an organisation, business or country, and enables us to communicate our position. In our engagement with governments and other supranational bodies, we seek various ways to have an influence, be it through trade bodies, policy groups or green papers. Active engagement therefore supports us in the establishment and improvement of standards, corporate disclosure and ultimately in better operational and financial performance.

Our people

GAM's corporate culture

We recognise the importance of having the right culture for the future success of our business. Social expectations have changed, and public interest has raised questions of trust in firms, and in the industry as a whole. GAM continues to be committed to building and maintaining trust across all of its stakeholders, including clients, employees, shareholders, regulators and service partners.

In 2019, we reflected in-depth on how we wanted our culture to evolve. This involved discussions amongst employees across all levels about their views on the working environment and the business through one-to-one meetings and workshop sessions. Following these sessions, we defined new global values and behaviours that we believe best represent GAM's open, honest and encouraging culture. In addition, these values support the way in which we manage our business – working with our clients to help them achieve their long-term investment goals.

GAM's culture seeks to unlock the high potential of its employees and support them in making the right decisions to achieve our clients' goals. A key priority in our high-performance culture is to continuously invest in and develop our top talent. Providing a stimulating and attractive workplace is essential to achieving this goal.

We promote an open culture based on mutual respect, regardless of function or rank. GAM has the necessary internal processes in place and encourages employees who become aware of any potential misconduct to report it immediately. GAM pursues a zero-tolerance culture for any conduct that could harm our clients, our reputation, our employees or other stakeholders.

> "GAM's future success is directly linked to the dedication and talent of our employees. By investing in the development of our employees we create a working environment in which our employees can make a valuable contribution to the long-term success of GAM. A talented and dedicated workforce is critical to helping our clients achieve their investment goals."
>
> **Teresa Riggin, Group Head of Human Resources**

WE ACT WITH INTEGRITY

We always do the right thing by our clients and by each other.

Earning and keeping trust is a priority. We are honest, transparent and always accountable.

We promote open communication and respect for each other, creating a workplace where everyone can contribute, grow and be successful.

WE ARE DRIVEN BY EXCELLENCE

We take great pride in delivering the best for our clients, holding ourselves and each other to the highest standards.

We empower our employees to challenge the status quo, and we encourage them to be bold, determined and original.

We are responsible and diligent investors, managing our impact on the environment and society, on behalf of our clients and other stakeholders.

WE DELIVER THROUGH COLLABORATION

We believe that by working closely with our clients and with each other we can achieve great results.

We value the skills, expertise and knowledge of our colleagues, supporting each other to fully leverage our strengths.

We support an inclusive workplace, where different ideas, perspectives and backgrounds enrich our decision-making.

Headcount by region (in FTEs)

	2019	2018
Switzerland	219	269
UK	399	432
Rest of Europe	141	146
Rest of the world	58	78
Total headcount	817	925

Managing performance
Effective performance management supports 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, including mandatory risk and control objectives. It also allows us to assess to what extent and how these objectives have been achieved, linking performance and behaviour with compensation. This evaluation is performed at least once a year and begins with each employee providing a self-assessment, which their line manager, and potentially other relevant reviewers in the company, can use as a starting point for a 360-degree review. The final assessment is formally recorded and discussed between line managers and their direct reports. Our Human Resources team supports the process by providing training on objective-setting and management skills throughout the year.

Employee development
Our employees' drive, skills and insights are essential in creating value for our clients and shareholders. Ensuring employees understand and are actively involved in the evolution of the company is a prerequisite of their engagement. 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.

GAM has a group-wide learning management system (GAM Learn) that helps employees enhance their knowledge base, not only within their own role but across all areas of our business and industry. GAM Learn provides a centralised repository for all learning and development needs and can be used to book internally-led courses or webinars, complete mandatory compliance refreshers, source external training, and access user guides or e-learning catalogues.

To ensure our employees are supported and provided with the appropriate knowledge for complex regulatory requirements, we offer mandatory and non-mandatory regulatory training workshops and 'Lunch and Learn' sessions for all staff. Providing employees with the opportunity to develop professionally and personally enables us to cultivate an engaged and knowledgeable workforce, ultimately strengthening our culture.

In addition to in-house training, we also support external education to help our employees gain qualifications relevant to their roles. This fosters their development and advances their skills and careers. The development of our employees remains a cornerstone of employee engagement and sustainable business success.

On a corporate level, supported by GAM's flat structure and senior leadership team, employees are informed about strategic business decisions and initiatives openly and transparently. We hold regular town hall meetings, where senior management share updates, views and insights, and engage in active conversations with staff.

Employee engagement
Our employees' opinion matters to us, and in seeking their opinion we aim to increase a sense of ownership and responsibility while helping GAM to understand our employees' motivation, attitude and satisfaction. 2019 saw the introduction of the first independent employee survey since 2002. This has proven to be a huge support for our people agenda and our intent is to conduct these surveys every year with the expectation of increasing our engagement index year-on-year. We are working with our employees to build solutions to the feedback provided through a culture working group established in 2019.

Supporting research and education
The Cantab Capital Institute for the Mathematics of Information sits within the University of Cambridge's renowned faculty of mathematics and aims to galvanise and accelerate progress in the mathematics of information. The Institute draws on techniques from mathematical sciences to tackle the challenge of deciphering meaning in the reams

of data which surround us. Bringing together some of the world's leading academics in various related disciplines, the institute will ultimately help ensure all available information is used when, for example, doctors make clinical diagnoses, financial institutions make sensible evaluations of risk or planners build the cities of the future.

Inclusive workplace
GAM's culture is grounded in mutual respect and non-discrimination with regards to age, disability, gender, race, religion, sexual orientation or educational background.

Investment20/20 was founded in 2013 with a clear mission to attract talent, irrespective of their educational qualifications, including those who would not necessarily normally consider a career in investment management. GAM joined the initiative in 2017 and since then has provided opportunities to 34 individuals across many business areas, including nine individuals in 2019. Our clear goal is to retain and develop these talented individuals in-house for the benefit of our company and provide further job opportunities in the coming years.

> "My time as an Investment20/20 trainee has allowed me to benefit from exposure to highly skilled and experienced individuals who have become catalysts in my personal and professional growth. Now, as a permanent employee, I have been given the opportunity to further apply the skills I have acquired by supporting the sales effort across Iberia & Latin America."
>
> **Bradley Silva, former Investment20/20 trainee, now a permanent employee at GAM**

In Switzerland, GAM has offered apprenticeship opportunities to young talented individuals for a number of years, giving them the chance to learn about all aspects of a profession in the financial services industry.

In June 2018, GAM signed the Women in Finance Charter, with the goal of increasing the proportion of women in senior management positions across our locations to 25% by 2020. The charter is a pledge for a gender balance across financial services and it reflects the UK government's aspiration to see greater gender balance at all levels of financial services firms. GAM is committed to improving gender diversity for the benefit of the business and our culture. In 2019, 25% of our line managers were female, demonstrating our commitment to the continued promotion of our female talent and strengthening a greater culture of diversity at GAM.

In 2018, GAM Dublin joined the 30% Club in Ireland, which aims to achieve a better gender balance at all levels at leading Irish businesses. The 30% Club believes that gender balance on boards and at the executive level not only encourages better leadership and governance, but further contributes to better all-round

Snapshot 2019

Split male/female

65% 35%

25% of our line managers are female

Average age of employees

41.2 YEARS

Average experience of investment professionals

13.9 YEARS

Average length of service

7.8 YEARS

Average hours of training per employee

8.4 HOURS per year

Global presence

14 COUNTRIES

Spotlight on GAM's community activities

Switzerland:
Voyage vers la vie
Thousands of children cannot undergo surgery in their home countries due to a lack of medical staff or infrastructure constraints. Terre des hommes transfers 250 children to Switzerland, France and Spain every year for surgical operations carried out at university hospitals. GAM supports its care programme.

UK:
GAM Charity Art Auction – Lord Mayor's City Giving Day
Over the years, GAM has acquired a substantial corporate art collection through our support of the Royal Academy School and thanks to GAM's founder, Gilbert de Botton, who was a noted connoisseur of modern art. Many of the pieces have been given a new lease of life in the new London office and those artworks that could not be accommodated together with pieces of sentimental, or mostly decorative value, were offered to staff by means of an online auction. All 110 items were sold, raising over GBP 8,000 for the Lord Mayor's Appeal, coinciding with City Giving Day 2019, an annual celebration of volunteering and philanthropy in the City of London and beyond.

GAM Systematic Cantab wins Midnight Madness
On 11 May 2019, some of the brightest minds from GAM, Goldman Sachs, Man Group, Morgan Stanley, Credit Suisse, Marshall Wace, Oxford University and UCL, among others, participated in one of the most puzzling challenges. Twenty-seven teams competed all night, hunting for, solving and executing puzzles embedded in the urban landscape of London. The event is based upon its highly successful namesake that took place in New York and raised USD 3.1 million for charity. The London event, which was first organised in 2018, has so far raised GBP 350,000 in aid of Raise Your Hands, a group that supports small charities which aim to improve the lives of children across the UK.

Charity Sleep Out
In November, a team of GAM employees came together and braved the elements by sleeping outside as part of the annual 'Sleep Out' organised by the charity Centrepoint. Together they raised money for the charity, which provides homeless young people with accommodation, health support and life skills to get them back into education, training and employment.

Giving Trees
In December, both the London and Dublin offices took part in festive activities. Dublin employees donated to the Society of St. Vincent de Paul's Giving Tree and food appeal, which provides help to thousands of families in Ireland at Christmas. In London employees turned their office Christmas tree into a KidsOut 'Giving tree', for which staff purchased toys for children in local refuge homes. Many of the recipients are children who have escaped domestic violence, being forced to flee their homes quickly and leave their possessions behind. The aim of the campaign is for every child in a Women's Aid refuge to have the opportunity to receive a present over the festive period.

Ireland:
Annual Charity Week
GAM Dublin held their annual charity week again in 2019. Employees selected the charity 'Féileacáin', a non-profit organisation that offers support to those affected by perinatal or post-natal loss. The charity week hosted a number of events, including the annual GAM Office Olympics, a tea morning, a lunchtime soccer tournament and a daily flash quiz.

Run In the Dark
GAM Dublin entered a team in the annual November Run in the Dark event in aid of the Mark Pollock Trust. This will be GAM Dublin's third consecutive year participating in this global fundraising event where over 25,000 people in 50 cities will get up from their armchairs, slip on their red flashing armbands and pull on their running shoes to complete a 5 km or 10 km run.

Israel:
Sohn Tel Aviv Investment Conference in Israel
In 2019, GAM Israel contributed to the charity supported by Sohn Tel Aviv Investment Conference. Founded in 1995, the Sohn Conference Foundation is dedicated to the treatment and cure of paediatric cancer and other children's diseases. It has raised over USD 85 million worldwide to this end. In Israel specifically, Sohn Tel Aviv supports the Israel Rett Syndrome Association, dedicated to finding a cure to Rett Syndrome, a genetic brain disorder that affects hundreds of thousands of girls worldwide.

Spotlight on GAM's community activities

New York:
Operation Backpack
GAM USA worked with Volunteers of America to support their annual Operation Backpack drive to support homeless children across New York. Employees collected a total of 100 new backpacks, which they filled with school supplies to donate to children across the city. One of the most devastating consequences of homelessness is the impact it has on a child's education.

Food Bank for New York City
GAM New York employees supported the Food Bank for New York City by holding a food drive. Employees donated food items vital to enable the charity's soup kitchens and to stock their pantries. The Food Bank in New York City, running for over 35 years, is the city's largest hunger-relief organisation and they seek to help low-income New Yorkers overcome their circumstances and achieve greater independence. In March, the employees also collected more than 180 personal care and feminine hygiene products. The product drive was held in support of the Woman to Woman campaign.

Japan:
FIT for Charity Run
In January 2020, GAM Japan staff joined the Financial Industry in Tokyo Charity Run. The run brings together like-minded individuals to raise money for local community organisations that serve important, but not necessarily well recognised, charities that have limited fund-raising capabilities.

board performance and ultimately increases corporate performance for both companies and their shareholders.

In 2019, the 30% Club organised dedicated workshops for talented and promising female managers in Ireland, focusing on career options and how to overcome potential barriers to progress their careers.

Supporting our employees' wellbeing
We strive to provide our employees with a work environment that protects their health and safety, and supports their well-being. We offer all our employees a comprehensive suite of additional benefits that are competitive in their respective local markets. We are committed to supporting employees by providing them with a family-friendly and flexible working environment wherever possible, in order to assist with caring for and supporting family members and employees' personal lifestyles.

Supporting our communities
We encourage our staff to play an active role in the communities in which they live and work. For example, we offer all staff up to two volunteering days per year. We support organisations and causes that are aligned with our own culture and values, in particular those that focus on education and child welfare.

Environment

GAM continuously manages its environmental footprint as part of its role as a responsible investor. We aim to set a positive example for our employees and clients, as well as the companies in which we are invested. In 2019, GAM made good progress in delivering against the six environmental objectives we outlined in 2017, to which all business units across the Group adhere:

Complying with regulatory energy and emissions savings targets, and decreasing the use of non-renewable energy resources
Our offices in Zurich, London, Cambridge and Dublin now purchase all their energy from renewable sources, effectively eliminating further emissions from the heating and powering of our largest premises. In January 2019, GAM relocated its London offices to 8 Finsbury Circus. This new building has a significantly better level of energy efficiency and a lower impact on the environment than its predecessors. We have also replaced the original lighting system with an energy-efficient LED system, controlled by automatic presence detectors and perimeter dimming to take account of daylight levels. Photovoltaic panels on the rooftop supplement the supply of purchased electricity.

Reducing water consumption
The London office has been fitted with a complete greywater system, whereby non-contaminated waste water is harvested from plant machinery, hand basins and rainfall. The system allows us to reduce our consumption of mains water.

Reducing waste across our locations and maximising the recycling of office waste
We have launched recycling awareness campaigns across our four main locations in the past year. We have also installed new facilities to separate out paper, glass and plastics for recycling. Non-recyclable materials are sent to a special processing plant, where they are used to generate heat and power, reducing waste that is sent to landfills.

In our internal cafeterias, we refrain from providing single use items and provide our employees with reusable crockery

Environmental indicators

	2019	2018 [2]	Change in %
Environmental indicators [1]			
Electricity (MWh)	3,132	5,606	(44)
of which renewable electricity (MWh)	2,454	4,436	(45)
Heating natural gas (MWh)	433	972	(55)
Water consumption (m3)	8,182	10,978	(25)
Business travel – flights (km)	5,177,042	8,040,372	(36)
Total all activities (tCO2e) [3]	**2,024**	**3,260**	**(38)**
Total per FTE	**2.24**	**3.43**	**(29)**
Carbon offsetting commitment (tCO2e) [4]	4,048		
Net carbon emissions (tCO2e)	**(2,024)**		

[1] Data taken from GAM's largest offices (Zurich, London, Dublin, Cambridge) and scaled up to provide an estimate at Group level.

[2] 2018 figures have been updated using actual figures rather than estimates disclosed in the 2018 Annual Report.

[3] tCO2e data for 2019 based on estimates.

[4] GAM is working with Natural Capital Partners, a global leader in the design, development and delivery of customised corporate climate action programmes, to verify and offset its emissions for 2019.

and cutlery. A discount is also offered to customers with reusable coffee cups. Food waste is sent to an anaerobic digestion plant where it is used to produce electricity as well as organic fertiliser which is used instead of artificial fertilisers in agriculture.

Reducing emissions from transport
GAM has made substantial investments in 16 new video conferencing suites across its offices to enable greater collaboration between teams and reduce the need for business travel. The number of video conferences held in a typical month has risen by 150%, whereas our overall number of miles flown is down by 36% year-on-year. As air travel is unavoidable for a global business, we have committed to offset twice as much carbon as we generate from business travel.

Developing our staff, supply chain and other stakeholders to achieve our environmental goals
We feel that strong employee engagement is essential in achieving our environmental goals. GAM has an active 'Sustainability Network' of volunteers that, among other activities, decides which projects to support as part of our carbon offsetting programme. This can include investments in renewable energy, community infrastructure, and conservation and reforestation initiatives. Each project contributes to multiple United Nations Sustainable Development Goals, in addition to the positive impact on the climate.

We have also been replacing an ageing fleet of office printers across our locations with a small number of centralised multi-function devices, featuring secure 'follow-me' printing functionality. Since we have started to replace old printers, paper consumption has been reduced by over 40%.

All paper used in GAM offices is accredited by FSC, the world's most trusted sustainable forest management solution. Two-thirds of GAM's expenditure on office supplies is for products made of recycled materials, or with specific sustainability benefits.

Working within our communities to support environmental initiatives through volunteer days and corporate gifts
GAM's community activities across locations are outlined in detail on pages 41–42.

In 2020, we will continue to make our activities more sustainable, as part of our commitment to be a climate positive business.

"We have made great progress in reducing our environmental footprint, through sustainable property planning, replacing traditional energy sources with renewable energy, and by investing in alternatives to business travel. I am pleased to say GAM has now committed to being a climate positive business, by removing more greenhouse gases from the environment than we emit."

Steve Rafferty, Chief Operating Officer

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.

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 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 74, and article 11 of the articles of incorporation which can be found at www.gam.com/aoi2019.

The following information corresponds to the situation as at 31 December 2019 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 24 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
David Jacob – Chairman[1]
Benjamin Meuli – Vice Chairman
Nancy Mistretta
Hugh Scott-Barrett[1]
Monika Machon[2]
Katia Coudray[2]
Jacqui Irvine[2]

Group Management Board
Peter Sanderson – Group Chief Executive Officer[3]
Richard McNamara – Group Chief Financial Officer
Rachel Wheeler – Group General Counsel
Tim Rainsford – Group Head of Sales and Distribution
Elmar Zumbuehl – Group Chief Risk Officer
Martin Jufer – Group Head Private Labelling and Region Head Continental Europe
Matthew Beesley – Head of Investments[4]

Core activities	Investment management	Private labelling

[1] With effect from 1 October 2019, David Jacob was appointed Chairman of the Board of Directors. Hugh Scott-Barrett stepped down from his role as Chairman and will remain a member of the Board of Directors until the Company's upcoming Annual General Meeting.

[2] New member of the Board of Directors since 8 May 2019.

[3] New member of the Group Management Board and Group Chief Executive Officer since 1 September 2019. With effect from 1 September 2019, David Jacob, a member of GAM Holding AG's Board of Directors since 2017, stepped down from his role as interim Group Chief Executive Officer and Member of the Group Management Board, positions which he had held since November 2018.

[4] Resigned in November 2019, will step down as a member of the Group Management Board in February 2020, and subsequently leave the Group in April 2020.

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 2019.[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%**
Credit Suisse Funds AG[4]	5.07%	-	**5.07%**
Schroders plc[5]	5.07%	-	**5.07%**
T. Rowe Price Associates Inc.[6]	4.96%	-	**4.96%**
Kiltearn Partners LLP[7]	4.92%	-	**4.92%**
Norges Bank (the Central Bank of Norway)[8]	3.02%	-	**3.02%**
Mario J. Gabelli[9]	1.65%	1.38%	**3.02%**
Dimensional Holdings Inc.[10]	3.00%	-	**3.00%**
GAM Holding AG[11]	2.56%[12]	-	**2.56%**

[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] Credit Suisse Funds AG, Zurich, Switzerland (as at 15 November 2019).

[5] Schroders plc, London, UK (as at 13 December 2019).

[6] T. Rowe Price Associates Inc., Baltimore, USA (as at 8 November 2017).

[7] Kiltearn Partners LLP, Edinburgh, UK (as at 1 March 2018).

[8] Norges Bank (the Central Bank of Norway), Oslo, Norway (as at 27 June 2019).

[9] Mario J. Gabelli, New York, USA (as at 14 November 2018).

[10] Dimensional Holdings Inc., c/o Corporation Service Comp, Wilmington, Delaware, USA (as at 8 March 2017).

[11] GAM Holding AG, Zurich, Switzerland (as at 31 December 2018).

[12] As at 31 December 2019, GAM Holding AG also had a sale position (representing obligations to deliver shares to employees under share-based payment awards) of GAM Holding AG shares of 6.87% of shares in issue. For further details, please refer to note 22 of the consolidated financial statements.

Notifications of significant shareholdings in GAM Holding AG, or disposal of such, that were disclosed during 2019 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 2018.[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%**
Credit Suisse Funds AG[4]	4.99%	-	**4.99%**
T. Rowe Price Associates Inc.[5]	4.96%	-	**4.96%**
Kiltearn Partners LLP[6]	4.92%	-	**4.92%**
BlackRock Inc[7]	3.00%[8]	0.07%	**3.07%**
Kabouter Management LLC[9]	3.04%	-	**3.04%**
Mario J. Gabelli[10]	1.65%	1.38%	**3.02%**
Dimensional Holdings Inc.[11]	3.00%	-	**3.00%**
GAM Holding AG[12]	2.90%[13]	-	**2.90%**

[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] Credit Suisse Funds AG, Zurich, Switzerland (as at 29 November 2018).

[5] T. Rowe Price Associates Inc., Baltimore, USA (as at 8 November 2017).

[6] Kiltearn Partners LLP, Edinburgh, UK (as at 1 March 2018).

[7] BlackRock Inc., New York, USA (as at 15 November 2018).

[8] BlackRock Inc. reported on 15 November 2018 a sale position of GAM Holding AG shares of 0.004% of shares in issue.

[9] Kabouter Management LLC, Chicago, Illinois, USA (as at 1 June 2017).

[10] Mario J. Gabelli, New York, USA (as at 14 November 2018).

[11] Dimensional Holdings Inc., c/o Corporation Service Comp, Wilmington, Delaware, USA (as at 8 March 2017).

[12] GAM Holding AG, Zurich, Switzerland (as at 31 December 2018).

[13] As at 31 December 2018, GAM Holding AG also had a sale position (representing obligations to deliver shares to employees under share-based payment awards) of GAM Holding AG shares of 8.82% of shares in issue. For further details, please refer to note 22 of the consolidated financial statements.

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 2019, the ordinary share capital amounted to CHF 7,984,126.55.

The ordinary share capital, which is fully paid, consists of 159,682,531 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.

Furthermore, as at 31 December 2019, the Company held authorised capital amounting to CHF 798,412.00.

2.2 Authorised capital

The Board of Directors is authorised to increase the Company's share capital at any time until 26 April 2020, by a maximum amount of CHF 798,412.00 by issuing a maximum of 15,968,240 fully paid registered shares with a par value of CHF 0.05 each. Increases in partial amounts are permissible.

The subscription and acquisition of the new shares as well as any subsequent transfer of the shares is subject to the restrictions pursuant to articles 4.3 to 4.5 of the articles of incorporation, which can be found at www.gam.com/aoi2019.

The Board of Directors determines the issue price, the type of contribution, the date of issue, the conditions for the exercise of the pre-emptive rights and the beginning date for dividend entitlement. In this regard, the Board of Directors may issue new shares by means of a firm underwriting through a financial institution, a syndicate of financial institutions or another third party and a subsequent offer of these shares to the existing shareholders or third parties (if the pre-emptive rights of the existing shareholders have been denied or not been duly exercised). The Board of Directors is entitled to permit, to restrict or to exclude the trade with pre-emptive rights. It may permit pre-emptive rights that have not been exercised to expire, or it may place such rights or shares as to which pre-emptive rights have been granted, but not exercised, at market conditions or may use them otherwise in the interest of the Company.

The Board of Directors is further authorised to restrict or withdraw the pre-emptive rights of the existing shareholders with respect to a maximum of 7,984,120 registered shares and allocate such rights to third parties:

a) if the issue price of the new shares is determined by reference to the market price; or
b) for the acquisition of companies, part(s) of companies or participations, for the acquisition of products, intellectual property or licenses or for investment projects, or for the financing or refinancing of any of such transactions through a placement of shares; or
c) for purposes of broadening the shareholder constituency of the Company in certain financial or investor markets, for purposes of the participation of strategic partners, or in connection with the listing of new shares on domestic or foreign stock exchanges.

2.3 Changes of capital

The description of the changes of capital in the last three years is disclosed in note 17 of the ‘Consolidated financial statements’.

2.4 Shares and participation certificates

	2019	2018
Number of shares as at 31 December		
Registered shares with par value of CHF 0.05 each (all entitled to dividends)	159,682,531	159,682,531

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 owners (acting in their own name or in their capacity as nominees) 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, administers 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 or registered office, 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 2019, 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 22 of the 'Consolidated financial statements'.

3. BOARD OF DIRECTORS

3.1 Members of the Board of Directors

David Jacob
Chairman of the Board of Directors

Benjamin Meuli
Vice Chairman of the Board of Directors,
Chairman of the Audit Committee,
Member of the the Risk Committee
and Compensation Committee

Nancy Mistretta
Chairman of the Compensation Committee,
Member of the Governance and Nomination Committee

Jacqui Irvine
Member of the Risk Committee and the
Governance and Nomination Committee

Hugh Scott-Barrett
Chairman of the Governance and Nomination Committee

Katia Coudray
Member of the Compensation Committee and
the Audit Committee

Monika Machon
Chairman of the Risk Committee,
Member of the Audit Committee

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

David Jacob, Chairman of the Board of Directors

David Jacob has served as a member of the Board of Directors of GAM Holding AG since April 2017 and as Chairman of the Board of Directors since October 2019. Between November 2018 and September 2019, David also served as interim Group Chief Executive Officer and as a member of GAM Holding AG's Group Management Board. Prior to joining GAM, he was Chief Executive Officer of Rogge Global Partners Ltd, a position he held from 2014 until 2016. Between 2004 and 2013, David was with Henderson Global Investors where he held a number of senior roles including Member of the Board of Directors and Chief Investment Officer. Prior to joining Henderson, David held a variety of senior roles at UBS Global Asset Management, Merrill Lynch Investment Managers and JPMorgan Asset Management. David is a chartered financial analyst and holds a BSc in economics from The Wharton School, University of Pennsylvania. He was born in 1964 and is a US and UK citizen.

Benjamin Meuli, Vice Chairman of the Board of Directors and Chairman of the Audit Committee

Benjamin Meuli has been a member of the Board of Directors of GAM Holding AG since 2016. He has also served as a member of the Compensation Committee and the Audit Committee (both since 2016), the latter being under his chair since 2017, and the Risk Committee (since May 2019). Benjamin is Chief Financial Officer of Convex Group Ltd, a recently formed insurance company in Bermuda, where he is also responsible for the investment portfolio. Prior to that, he was Chief Investment Officer at XL Group, a position he held from 2015 until his retirement in 2016. Between 2009 and 2015, he was Chief Financial Officer and Member of the Group Executive Committee and the Board of Directors of Catlin Group Ltd., where he was also responsible for the company's investment portfolio. Benjamin was the Chief Investment Officer and a member of the Executive Board at Swiss Re between 2004 and 2008. Prior to joining Swiss Re, he was a managing director at Morgan Stanley with responsibility for coverage of large multinational insurance groups with a particular focus on asset and liability management. He started his career at JPMorgan, where he spent 20 years in a variety of roles, mostly in capital markets and investment banking. Benjamin holds an MA in politics, philosophy and economics from Worcester College, Oxford, and an MSc in agricultural economics from Oxford University. He was born in 1956 and is a Swiss and UK citizen.

Nancy Mistretta, Chairman of the Compensation Committee

Nancy Mistretta has been a member of the Board of Directors of GAM Holding AG since 2016. She has also served as a member of the Governance and Nomination Committee and the Compensation Committee (both since 2016), the latter being under her chair since 2017. Nancy is a former partner of Russell Reynolds Associates, an executive search firm, where she worked from 2005 until 2009. Prior to joining Russell Reynolds, Nancy was with JPMorgan Chase and its heritage institutions for 29 years and served as a managing director in investment banking from 1991 to 2005. Nancy is a director of Scotts Miracle-Gro, where she currently chairs the Audit Committee and is a member of the Finance Committee. She is also a director of the North American Holding Company of HSBC, where she serves on the Nomination and Governance Committee, the Audit Committee and the Risk Committee. Nancy holds a BA in psychology from Smith College. She was born in 1954 and is a US citizen.

Jacqui Irvine, Member of the Board of Directors

Jacqui Irvine has been a member of the Board of Directors of GAM Holding AG since May 2019. She also serves as a member of the Risk Committee and the Governance and Nomination Committee (both since May 2019). Jacqui was Group General Counsel and Company Secretary of Janus Henderson Group until 2018. She held the same role at Henderson Group, which she joined in 1996, from 2011 until the merger with Janus Capital Group in 2017. Jacqui qualified as a solicitor in 2000 and holds a BA in law and psychology from the University of the Witwatersrand in Johannesburg, a postgraduate diploma in law from the University of the West of England in Bristol as well as a postgraduate diploma in legal practice from the College of Law in London. She was born in 1972 and is a UK citizen.

Hugh Scott-Barrett, Chairman of the Governance and Nomination Committee

Hugh Scott-Barrett has been a member of the Board of Directors of GAM Holding AG since 2009. Between April 2017 and September 2019, Hugh served as the Chairman of the Board of Directors. He has chaired the Governance and Nomination Committee since 2017 and also served as Chairman of the Audit Committee from 2009 until 2017. He is currently Non-Executive Chairman of Capital & Regional plc. Hugh joined this London-based property asset management company in 2008 as Chief Executive and led the restructuring and repositioning of Capital & Regional as a specialist property REIT. In 2017, Hugh stepped down as Chief Executive of Capital & Regional plc to become its Non-Executive Chairman. Hugh 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, Hugh joined ABN AMRO where he held several senior positions, joining the Managing Board in 2000 taking responsibility, inter alia, for financial institutions, operations and technology within the wholesale clients division, then acting as Chief Operating Officer and finally as Chief Financial Officer until 2007. Hugh was educated in Paris and Oxford where he graduated in modern history. He was born in 1958 and is a UK citizen.

Katia Coudray, Member of the Board of Directors

Katia Coudray has been a member of the Board of Directors of GAM Holding AG since May 2019. She also serves as a member of the Compensation Committee and Audit Committee (both since May 2019). Katia has been the CEO of Asteria Investment Managers since January 2020, an affiliate of the Reyl Group, a Geneva-based independent banking group. Prior to that she was Head of Impact Investing at Reyl Group. She is the former CEO of Syz Asset Management, a position she held from 2015 to 2018. Prior to that, she was Head of Investment and Head of Product Development at Syz Group. Before joining Syz in 2011, Katia was Head of the Multi-Management and Innovation Platform at Union Bancaire Privée (UBP) for ten years. From 1998 to 2001, she was Lead Equity Fund Manager as well as Head of the Fund Division at Banque Edouard Constant SA. Katia holds a BA in economics, finance and accounting from the School of Management in Fribourg, Switzerland, and is a Certified International Investment Analyst (CIIA) holder. She was born in 1969 and is a Swiss citizen.

Monika Machon, Chairman of the Risk Committee

Monika Machon has been a member of the Board of Directors of GAM Holding AG since May 2019. She also serves as Chairman of the Risk Committee and Member of the Audit Committee (both since May 2019). Monika was a senior vice president and Treasurer at AIG from 2013 to 2016. Prior to that, she held other senior positions within the AIG group, which she joined in 1998, including Chief Investment Officer and Global Head of Asset Management, Head of Fixed Income and CEO of AIG Investments Europe. Before joining AIG, Monika held banking and investment positions at various financial institutions in the US and the UK. Monika holds an MBA in finance from Indiana University as well as a Juris Doctor from Indiana University School of Law, and is a CFA Charterholder. She was born in 1960 and is a German and UK citizen.

Changes in the Board of Directors

At the Annual General Meeting held on 8 May 2019, all members of the Board of Directors who ran for re-election were re-elected for a one-year term of office.

The Board of Directors proposed at the Annual General Meeting held on 8 May 2019 three new candidates for election as a member of the Board of Directors. Katia Coudray, Monika Machon and Jacqui Irvine were elected as new members of the Board of Directors for a one-year term of office.

With effect from 1 October 2019, David Jacob was appointed Chairman of the Board of Directors and will stand for confirmation in this role by shareholders at the upcoming Annual General Meeting in 2020. Hugh Scott-Barrett stepped down from his role as Chairman of the Board of Directors effective 1 October 2019 and will remain a member of the Board of Directors until the Company's upcoming Annual General Meeting in 2020.

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/aoi2019, we disclose mandates and interest ties of the members of the Board of Directors outside the Group. In accordance with article 13, mandates in legal entities that are under joint control are deemed one mandate and are not set out independently (parent companies are listed).

David Jacob
Advisor to the Investment Committee of the National Trust Pension Fund, England (non-listed entity)
Vice Chairman of the Investment Committee of the Worshipful Company of Stationers and Newspaper Makers, England (non-listed entity)
Member of the Board of Trustees of the Science Museum Foundation, England (non-listed entity) (non-profit organisation)
Member of the Board of Directors of Carlisle Mansions West Ltd., England (non-listed entity) (non-profit organisation)
Member of the Board of Directors of Carlisle Mansions West (Freehold) Ltd., England (non-listed entity) (non-profit organisation)

Benjamin Meuli
Member of the Partnership Council at Clifford Chance, England (non-listed entity)
President du conseil de surveillance of SAS Ampelidae, France (non-listed entity)
Member of the Board of Directors of Convex Group Ltd., Bermuda (non-listed entity)
Member of the Board of Directors of Gamrays Company Ltd., Gambia (non-listed entity)

Nancy Mistretta
Member of the Board of Directors, Chairman of the Audit Committee and of the Finance Committee of the Board of Directors of Scotts Miracle-Gro, USA (listed entity)
Member of the Board of Directors, Nomination and Governance Committee, Audit Committee and Risk Committee of the Board of Directors of HSBC North American Holding Inc., USA (non-listed entity)

Jacqui Irvine
None

Hugh Scott-Barrett
Chairman of the Board of Directors of Capital & Regional plc., England (listed entity)
Member of the Board of Directors of RBR Group Ltd., England (non-listed entity)

Katia Coudray
Member of the Board of Directors of CA Indosuez (Switzerland) SA, Switzerland (non-listed entity)
CEO of Asteria Investment Managers, an affiliate of the Reyl Group, a Geneva-based independent banking group

Monika Machon
Member of the Board of Directors of Zurich Investment Services UK Ltd, England (non-listed entity)
Member of the Board of Directors of the Tanenbaum Center for Interreligious Understanding (non-profit organisation)

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 terms 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 three 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 (based on support and advice from the Risk Committee) 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 seven 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 chairpeople and members of the Audit Committee, of the Governance and Nomination Committee and the Risk 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 email, 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, Group General Counsel, Group Chief Risk Officer and the Group Head of Compliance 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.

The Board of Directors acknowledges that recent events have resulted in a challenging environment for the Company and together with the management team has considered many avenues to optimise shareholder value. The Board of Directors has met regularly throughout the year and has held intensive discussions in relation to how it should move the Company forward. During the year under review the full Board of Directors held 23 meetings.

The Board of Directors is keen to increase the focus on the oversight of enterprise risk and regulatory-related topics and therefore developed and enhanced the previously established Regulatory Oversight Committee into a Board of Director's Risk Committee in 2019. The Risk Committee is responsible for, among others, the Group's overall risk appetite and risk profile, the effectiveness of the Group's risk management framework and the review of the methodology used in determining the Group's capital requirements.

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

January to May 2019

	Jan	**Feb**[3]	Feb	Mar	Apr	Apr	Apr	May	May	**May**[3]	May	Jun
David Jacob	✓	✔	✓	✓	✓	✓	✓	✓	✓	✔	✓	✓
Benjamin Meuli	E	✔	✓	E	E	✓	E	E	E	✔	✓	✓
Nancy Mistretta	✓	✔	✓	E	✓	✓	✓	✓	✓	✔	✓	✓
Hugh Scott-Barrett	✓	✔	✓	✓	✓	✓	✓	✓	✓	✔	✓	✓
Diego du Monceau [1,2]	✓	✔	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a
Monica Mächler [1,2]	✓	✔	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a
Ezra S. Field [1,2]	✓	E	✓	✓	✓	✓	✓	✓	E	n/a	n/a	n/a
Monika Machon [2]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✔	✓	✓
Katia Coudray [2]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✔	✓	✓
Jacqui Irvine [2]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✔	✓	✓

E = Excused

[1] Diego du Monceau, Monica Mächler and Ezra S. Field did not stand for re-election at the AGM 2019.

[2] For the months where 'n/a' has been indicated, the relevant individual was not a member of the Board of Directors.

[3] Scheduled quarterly meetings.

June to December 2019

	Jun	Jun	Jul	Jul	Jul	**Sep**[3]	Oct	Oct	Nov	**Dec**[3]	Dec
David Jacob	✓	✓	✓	✓	✓	✔	✓	✓	✓	✔	✓
Benjamin Meuli	✓	✓	✓	✓	✓	✔	✓	E	✓	✔	✓
Nancy Mistretta	✓	✓	✓	✓	✓	✔	✓	✓	✓	✔	E
Hugh Scott-Barrett	✓	✓	✓	✓	✓	✔	✓	✓	✓	✔	E
Monika Machon	✓	✓	✓	✓	✓	✔	✓	✓	✓	✔	✓
Katia Coudray	✓	✓	✓	✓	✓	✔	✓	E	✓	✔	✓
Jacqui Irvine	✓	✓	✓	✓	✓	✔	✓	✓	✓	✔	✓

E = Excused

[3] Scheduled quarterly meetings.

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) regular examination of the appropriateness and effectiveness of the internal control systems, taking into account the risk profile of the Group; and
h) 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. During the year under review the Audit Committee held six meetings, as well as two joint meetings with the Compensation Committee. All members of the Audit Committee participated at all the meetings. Additionally, the Audit Committee spent time outside these meetings with external auditors and advisers in order to ensure it is ahead of the latest regulatory and accounting developments. The Head of Internal Audit and representatives of the external auditors, as well as the Group Chief Financial Officer, the Group General Counsel, Group Head of Compliance and the Group Chief Risk Officer, participate at every regular quarterly meeting. The Audit Committee may seek independent advice as deemed necessary. 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: Benjamin Meuli (Chairman), Monika Machon and Katia Coudray.

Changes in the Audit Committee

Subsequent to the Annual General Meeting held on 8 May 2019, the Board of Directors re-constituted itself resulting in the following change in the Audit Committee's composition: Monika Machon and Katia Coudray joined the Audit Committee after Monica Mächler and Diego du Monceau's decision not to stand for re-election at the Annual General Meeting on 8 May 2019.

Risk Committee

The Risk Committee operates in accordance with the Risk Committee charter and the organisational rules of the Company.

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

a) overseeing the maintenance of the Group's risk management framework, reviewing the effectiveness of its operation and recommending for approval to the Board of Directors the Group's overall risk management strategy, risk appetite framework and associated limits;
b) reviewing the Group's risk profile and monitoring against the Group's risk universe including, adherence to the Group's risk appetite, risk trends, risk concentrations and key performance indicators;
c) providing oversight over any breaches of risk appetite and associated rectification plans;
d) overseeing and challenging material changes to the design and execution of the Group's capital management policy setting processes (covering both regulatory and non-regulatory capital requirements) and methodologies used;
e) approving the Group's principal risk policies and monitoring compliance with / providing oversight of any breaches and rectification plans;
f) overseeing emerging risks that could impact the Group and risk function's principal activities and resources;
g) providing oversight and challenge in relation to significant risk issues relating to material acquisitions, disposals and strategic proposals; considering the potential consequences of any such transactions;
h) overseeing legal and regulatory risk;
i) providing input to the Compensation Committee regarding the management of the Group's material risks to support their consideration of the annual bonus determination and providing input to the Audit Committee regarding its review of the adequacy and effectiveness of the Group's internal control system in respect of financial reporting and financial controls.

The Risk Committee consists of three non-executive members. The Committee was established in May 2019. The Committee convenes at least four times a year, at least once per quarter, for on average approximately half a day. During the year under review the Risk Committee held five meetings. All members of the Risk Committee participated at all the meetings. The Group Chief Risk Officer, Group Chief Financial Officer, Group General Counsel, Group Head of Compliance as well as the Head of Internal Audit and representatives of the external auditors participate at every regular quarterly meeting. The Risk Committee may seek independent advice as deemed necessary. The members of the Risk Committee are expected to have knowledge in the fields of risk and regulation. The Risk Committee reports back to the full Board of Directors on its current activities and on any significant issues of which it becomes aware. The Risk Committee reviews its performance and objectives every year.

Members: Monika Machon (Chairman), Benjamin Meuli and Jacqui Irvine.

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 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, any full-time members of the Board of Directors and the Group Management Board, including its Group Chief Executive Officer (in the event the Chairman of the Board of Directors or any full-time member of the Board of Directors is a member of the Compensation Committee, he/she shall abstain from participating in deliberations and from exercising his/her voting right with regard to the determination of his/her total compensation);
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 discretionary variable annual bonus with a total compensation in excess of CHF 1 million;
g) approving contracts of employment and any non-standard 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 Chairman of the Board of Directors as well as the performance evaluation conducted by the Chairman of the Board of Directors 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. During the year under review the Compensation Committee held six meetings, as well as two joint meetings with the Audit Committee. All members of the Compensation Committee participated at all the meetings. The Group Head of Human Resources regularly participates at the Committee's 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: Nancy Mistretta (Chairman), Benjamin Meuli and Katia Coudray.

Changes in the Compensation Committee

At the Annual General Meeting held on 8 May 2019, all members of the Compensation Committee who ran for re-election were re-elected for a one-year term of office. Katia Coudray was newly elected for a one-year term of office as member of the Compensation Committee after Ezra S. Field's decision not to stand for re-election at the Annual General Meeting on 8 May 2019.

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 for the Board of Directors and 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 processes and systems to foster the Group's human capital (e.g. identifying key talent, education, development, performance review and orderly succession planning 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 one hour per meeting on average. During the year under review the Governance and Nomination Committee held five meetings. All members of the Governance and Nomination Committee participated at all the meetings. The Group General Counsel participates at every regular quarterly meeting. 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: Hugh Scott-Barrett (Chairman), Nancy Mistretta and Jacqui Irvine.

Changes in the Governance and Nomination Committee

Subsequent to the Annual General Meeting held on 8 May 2019, the Board of Directors re-constituted itself resulting in the following changes in the Governance and Nomination Committee's composition: Jacqui Irvine joined the Governance and Nomination Committee after Monica Mächler's decision not to stand for re-election at the Annual General Meeting on 8 May 2019.

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, Group General Counsel, Group Chief Risk Officer and Group Head of Compliance 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, Group General Counsel, Group Chief Risk Officer and Group Head of Compliance are regularly invited to participate at meetings of the full Board of Directors, the Group Chief Financial Officer, Group General Counsel, Group Chief Risk Officer and Group Head of Compliance at meetings of the Audit Committee and Risk Committee, the Group General Counsel participates at every regular quarterly meeting of the Governance and Nomination Committee, and the Group Head of Human Resources regularly participates at the meetings of 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.

4. SENIOR MANAGEMENT

Peter Sanderson
Group Chief Executive Officer

Richard McNamara
Group Chief Financial Officer

Rachel Wheeler
Group General Counsel

Tim Rainsford
Group Head of Sales and Distribution

Elmar Zumbuehl
Group Chief Risk Officer

Martin Jufer
Group Head Private Labelling,
Region Head Continental Europe

Matthew Beesley
Group Head of Investments

4.1 Members of the Group Management Board

Peter Sanderson, Group Chief Executive Officer

Peter Sanderson was appointed Group Chief Executive Officer and became a member of the GAM Holding AG's Group Management Board in September 2019. Before joining GAM as Group CEO, he was a managing director at BlackRock, most recently as the Head of Financial Services Consulting in EMEA and a member of BlackRock's EMEA Executive Committee, positions he held since 2012 and 2014 respectively. Peter joined BlackRock in 2006 where he held a number of senior roles, including Co-Head of the Multi Asset Investment Solutions business and Chief Operating Officer for BlackRock Solutions in EMEA. Before working for BlackRock, he worked for Mondrian Investment Partners and KPMG. Peter holds a Bachelor of Law from the University of Leicester and is a member of the Bar of England and Wales. He was born in 1978 and is a UK 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 in 2015. Before joining the Group, Richard was Managing Director, Finance, at Henderson Group, a role he had held since 2013. He joined Henderson in 2009 as Head of Group Finance, focusing on finance and financial operations, including M&A activity. In 2013, he took on new responsibilities for tax, investor relations, facilities and procurement. Prior to his roles at Henderson, Richard held senior finance roles at Western Asset Management, Legg Mason and Citigroup Asset Management. Richard 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 was born in 1968 and is a UK citizen.

Rachel Wheeler, Group General Counsel

Rachel Wheeler was appointed Group General Counsel and a member of the Group Management Board of GAM Holding AG in 2018. Prior to joining GAM in 2018, she worked as General Counsel at Aviva Investors for four years where she was a member of the Executive Committee, and at USS Investment Management Limited for over two years. Prior to that, she was Head of Legal, International Asset Management at BNY Mellon for six years. She started her career in 1994 at Simmons & Simmons, where she qualified as a solicitor. Rachel holds a postgraduate diploma in law and legal practice from the College of Law, Guildford, and a BA in history from the University of Wales. Rachel chairs the Investment Association Legal Committee. She was born in 1969 and is a UK citizen.

Tim Rainsford, Group Head of Sales and Distribution

Tim Rainsford was appointed Group Head of Sales and Distribution and became a member of GAM Holding AG's Group Management Board in 2017. Before joining GAM, he was Global Co-Head of Sales and Marketing at Man Group and a member of Man Group's Executive Committee. Prior to this role, which he held starting in 2013, he was Senior Managing Director and Head of European Sales at Man. Tim joined Man in 2003 in Australia, where he was responsible for key bank relationships and helped to build up the company's large retail distribution presence, taking over full responsibility for the market in 2005. In 2007, he became Man's Managing Director for Asia, leading the distribution efforts in Hong Kong, China, Korea, Taiwan, Singapore and all smaller ASEAN countries. Before working for Man, he held senior roles at JP Morgan in Japan and Korea. Tim holds a Master of Applied Finance from Macquarie University in Sydney and a Bachelor of Business from the University of Technology in Sydney. He is a member of the Australian Institute of Chartered Accountants. He was born in 1968 and is an Australian citizen.

Elmar Zumbuehl, Group Chief Risk Officer

Elmar Zumbuehl was appointed Group Chief Risk Officer and Member of the Group Management Board of GAM Holding AG in 2017. Before that he was Group Head of Risk & Governance and a permanent guest member of the Group Management Board. He joined GAM in March 2010 as Senior Legal Counsel and Risk Manager. In 2011, Elmar also assumed the role of General Counsel and Corporate Secretary of GAM Holding AG. Prior to that, he worked at Julius Baer for 10 years in different roles, latterly from 2006 to 2010 as Head Legal Risk Controlling & Governance. Elmar, who was admitted to the bar in Switzerland in 2000, is a graduate of the University of St. Gallen (HSG). He holds Master's degrees in business administration (lic. oec. HSG), specialising in finance and accounting as well as operations research, and law (lic. iur. HSG). Elmar was born in 1970 and is a Swiss citizen.

Martin Jufer, Group Head Private Labelling and Region Head Continental Europe

Martin Jufer became a member of GAM Holding AG's Group Management Board in 2013. In 2015, he became Region Head Continental Europe. From 2013 to 2015, Martin 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 and Services of Swiss & Global Asset Management (formerly Julius Baer Asset Management). Martin 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 was born in 1968 and is a Swiss citizen.

Matthew Beesley, Head of Investments

Matthew Beesley is Group Head of Investments and became a member of GAM Holding AG's Group Management Board in 2018. Prior to joining GAM in 2017, Matthew was Head of Global Equities at Henderson Global Investors for five years. Matthew's previous experience includes a number of portfolio manager roles at Trinity Street Asset Management, JP Morgan Asset Management and Mercury Asset Management/Merrill Lynch Investment Managers. Matthew holds a BA (Hons) degree in politics and modern history from the University of Manchester and is a CFA Charterholder. He was born in 1975 and is a UK citizen.

Changes in senior management

With effect from 1 September 2019, David Jacob, a member of GAM Holding AG's Board of Directors since 2017, stepped down from his role as interim Group Chief Executive Officer and Member of the Group Management Board, positions which he had held since November 2018. In November 2019, Matthew Beesley, who joined the Group in March 2017, resigned from the Company and will step down as a member of the Group Management Board in February 2020, and subsequently leave the Group in April 2020.

With effect from 1 September 2019, Peter Sanderson joined the Group as Group Chief Executive Officer and became a member of the Group Management Board.

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/aoi2019, we disclose mandates and interest ties of the members of the Group Management Board outside the Group:

Peter Sanderson
None

Richard McNamara
None

Rachel Wheeler
Chair of the Investment Association Legal Committee, England (non-listed entity)

Tim Rainsford
None

Elmar Zumbuehl
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 Swiss Fund Data AG, Switzerland (non-listed entity)
Member of the Board of Directors of AZEK – SFAA, Switzerland (non-listed entity)
Member of the Board of Trustees of the Julius Baer Pension Fund, 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)

Matthew Beesley
None

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 email 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 2019 Annual General Meeting elected Tobias Rohner, Attorney-at-Law, Holbeinstrasse 30, 8034 Zurich, Switzerland, as Independent Representative for a term of office until the end of the 2020 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/aoi2019), 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 Financial Market 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 benefitting 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. Christoph Groebli served as the lead auditor in 2017 and 2018. Thomas Dorst assumed the role of lead auditor for the financial year 2019. 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 Group's consolidated financial statements, the effectiveness of the Group's internal control system over the financial reporting, and the statutory financial statements of GAM Holding AG and its subsidiaries. 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. Other services include mainly services in connection with human resources-related matters.

The Group paid KPMG AG fees for auditing services totalling CHF 1.6 million in the 2019 financial year (CHF 2.2 million in the 2018 financial year). For non-auditing services, the Group paid KPMG AG fees totalling CHF 0.06 million in the 2019 financial year (CHF 0.09 million in the 2018 financial year), whereof CHF 0.05 million for audit-related services (CHF 0.06 million in the 2018 financial year) and CHF 0.01 million for tax services (CHF 0.01 million in the 2018 financial year as well as CHF 0.02 million of other services).

In addition, KPMG AG received CHF 2.2 million (all of which for auditing services) in the 2019 financial year (CHF 2.3 million in the 2018 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 submitted at least annually 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 to additionally 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/en/our-company/investor-relations/gam-news-alert) as well as in print form from the address mentioned in section 8.2 below.

8.1 Corporate calendar

23 April 2020	Q1 Interim management statement
30 April 2020	Annual General Meeting
4 August 2020	Half-year results 2020
21 October 2020	Q3 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 Shareholder

On behalf of the Board of Directors and the Compensation Committee, we are pleased to present the Compensation Report for the financial year ended 31 December 2019. At the Annual General Meeting in May 2019, shareholders approved the remuneration proposals by a large majority, and on behalf of the Board, we would like to thank you for your support. With respect to the 2019 performance year, we remain committed to our compensation framework and compensation principles.

Changes to the Compensation Committee and Group Management Board in 2019

As at 1 September 2019, Peter Sanderson joined the Group as the Group CEO and Member of the Group Management Board. David Jacob stepped down as interim CEO and Member of the Group Management Board on 1 September 2019. David was appointed Chairman of the Board of Directors, effective 1 October 2019, and will stand for confirmation in this role by shareholders at the Annual General Meeting in 2020. The Compensation Committee welcomed Katia Coudray, who joined the Board of Directors following last year's Annual General Meeting, as a new member of the Committee.

Compensation for 2019

As noted in the business review of this report, 2019 was a year of continued progress against our strategic priorities but was not without challenges. On one hand, we successfully completed the liquidation of the Absolute Return Bond strategies with an average of more than 100% of assets being returned to our clients. Many of our employees contributed to this successful outcome, and we are proud that we have received positive feedback from clients on how the Group managed this complex situation. We also exceeded our cost saving target resulting from our restructuring and simplification programme. With regard to investment performance, approximately 75% of assets under management outperformed respective benchmarks over a three and five-year period. On the other hand, we saw a decline in assets under management and related revenues in investment management and are reporting significantly lower underlying profit before taxes for 2019 compared to 2018.

Our compensation framework, which has been in place since 2017, has established a strong foundation for aligning our compensation with the overall expectations of our shareholders. Based on the financial performance of the Group for 2019 there will be no variable compensation (both annual bonus and long-term incentive plan) granted to current members of the Group Management Board. While the business and strategic objectives of each member of the Group Management Board were reviewed and acknowledged, the financial performance was the overriding determinant of variable compensation for 2019. Through discussions with each member of the Group Management Board, the team has acknowledged the corporate underperformance and impact on shareholders and remain dedicated to the strategic plan and turnaround.

While the financial performance for the 2019 financial year is disappointing and we are not in a position to pay variable compensation to our Group Management Board, we are cognisant of the fact that we must balance the need to retain and motivate top talent in the Group to support delivery of our strategic turnaround plan, with the alignment of our shareholder interests. The total compensation of all employees combined with our reduced underlying net fee and commission income has resulted in a compensation ratio for 2019 of 59.7%. Our target compensation ratio is 45-50% of underlying net fee and commission income. We continue to believe this is an appropriate metric to reflect the balance of employee reward and shareholder return and this target will remain part of our compensation framework. In light of our inability to achieve this target for 2019, we have significantly reduced the annual discretionary bonus pool for the non-Group Management Board employees and, of that pool, we have significantly increased the portion deferred into shares from one-third of the amount in excess of CHF 75,000 to 75% of the amount in excess of CHF 50,000.

Group CEO compensation

Peter Sanderson joined the Group as Group CEO and a member of the Group Management Board on 1 September 2019. He brings with him a wealth of leadership and asset management experience and Peter's overall skill set complements our senior leadership team. As outlined in the Chairman's letter of this Annual Report, Peter has had a successful track record of setting strategy, driving revenue growth and scaling businesses by executing significant technology, organisational and operational transformation. During his twelve years at BlackRock, Peter merged and restructured a business covering USD 1 trillion of assets, led a

USD 300 billion investment solutions business and successfully scaled a financial services consulting business taking revenue from USD 25 million to USD 65 million in two years. Peter has taken the helm with confidence, diligence and has set out a clear vision for the Group's future.

In respect of Peter's compensation he has a base annual salary of CHF 750,000 and his variable compensation potential with respect to his annual bonus and long-term incentive award will be capped at a maximum of 300% and 250% of his salary respectively. Although these variable compensation caps have been increased, the restructured compensation package for Peter has a materially lower overall potential value than his predecessor with more bias towards variable compensation compared to fixed compensation. Peter is not eligible for any variable compensation for 2019.

In addition, Peter was granted a one-time fixed award of shares which will align him with a key strategic goal of delivering long-term sustainable shareholder value. The face value of this grant is CHF 750,000. As Peter joined the Group after the 2019 AGM, his fixed compensation, including this fixed award, was provided for utilising a supplementary amount available for orderly leadership transitions.

Peter was also eligible for a CHF 250,000 fixed award to be paid following the 2020 AGM. In recognition of the financial performance of the Group and in alignment with the other members of the Group Management Board, Peter requested, and the Compensation Committee accepted, to forego this award.

Compensation for shareholder approval at 2020 AGM

Board compensation
The overall fixed compensation requested for the Board of Directors will remain unchanged. After a review of fees and fee structures for the Board of Directors, it was agreed that the fees for the Chairman and Vice Chairman would change with respect to the proportion paid in shares and cash with the share portion increasing and the cash portion decreasing by the same amount. This change will further the alignment of our Board with our shareholders' interests. Further details are included in section 5 of this report.

Group Management Board fixed compensation
The overall fixed compensation requested for the Group Management Board will be decreased to CHF 4.5 million from CHF 6 million. This is due to a proposed change in the composition of the Group Management Board.

Group Management Board variable compensation
As outlined in section 4.2 of this report, there is a contractual obligation of variable compensation payable to the former CEO for the remaining notice period in 2019. The variable compensation will be included for shareholder approval at the 2020 AGM.

As outlined in section 4.1 of this report, as well as earlier in this letter, no variable compensation will be awarded to members of our Group Management Board for the year ending 31 December 2019. This is a result of the Group's financial performance and the compensation framework in place. The Compensation Committee, along with the rest of the Board of Directors, acknowledge the hard work and dedication of the members of this team. The Group has faced the challenges in the industry, as well as those specific to GAM, keeping our clients' interests as the top priority. The team has worked tirelessly this year, exhibiting the core values of integrity, collaboration and excellence that we believe will lead to the successful transformation outlined earlier in the Annual Report. We look forward to your continued support at the Annual General Meeting of Shareholders.

Nancy Mistretta
Chairman of the Compensation Committee

Zurich, 20 February 2020

1. COMPENSATION PRINCIPLES

This section of the report outlines the compensation principles that are applied across the Group.

The Group's compensation framework is designed to attract, retain and motivate the talent which the Group needs in order to achieve its strategic goals as well as to create a tangible link between performance and compensation. 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.

There are four key principles to our compensation framework:

Pay for performance →	**Compensation is linked to the Group's overall performance as well as to the individual's professional skills, expertise and contribution.**
Alignment with shareholders' long-term interests →	**The long-term interests of employees and shareholders are aligned through the use of deferred compensation, share-based awards and share ownership guidelines.**
Transparency →	**Retrospective shareholder approval is requested for the Group Management Board variable compensation.**
Incentivise sound risk management →	**A well-balanced mix of fixed and variable compensation is combined with deferrals as well as malus and clawback provisions to encourage sustainable performance and sound risk management.**

2. AT A GLANCE

This section of the report summarises the compensation framework.

Summary of the compensation framework

Principle	Element	Rationale
Pay for performance	**Target compensation ratio:** a group-wide target compensation ratio of 45–50% of underlying net fee and commission income.	• Provides a clear and appropriate metric by which to evaluate the balance of all-employee reward and returns to shareholders.
	Group Management Board (GMB) variable compensation cap: the total granted GMB variable compensation (comprising annual bonuses and long-term incentive plans) is capped at 5% of underlying profit before taxes excluding GMB variable compensation. The cap excludes social security, pension costs and one-time awards for new members.	• Enforces a direct link between financial performance and variable compensation for the GMB.
	Balanced scorecard for annual bonuses: a balanced scorecard of stretch financial and non-financial measures has been formalised to determine GMB members' annual bonuses. For the Group CEO and Group CFO the scorecard is comprised of 60% financial metrics (underlying profit before taxes, operating margin, net flows, investment performance); 20% strategic and business metrics; 20% personal objectives.	• Provides a clear structure to assess performance for the annual bonus. • Evidences the link between pay and performance.
	Individual caps: a cap for the Group CEO and Group CFO on annual discretionary bonus (300% and 200% of their respective salaries) and long-term incentive plan (LTIP) awards (face value of 250% and 200% of their respective salaries).	• Aligns GAM with market practice and shareholder expectations.
Alignment with shareholders' long-term interests	**Annual bonus deferral:**[1] The proportion of GMB bonuses deferred into GAM shares is 50% with a deferral period of four years. Bonus deferrals are also in place for non-GMB employees.	• Aligns annual bonuses with long-term value creation.
	LTIP framework: LTIP awards, in the form of performance shares, are an integral part of the GMB compensation package. Vested awards will not be released until five years after grant. Performance measures will be annual underlying earnings per share (EPS) growth (50%); three-year relative total shareholder return (rTSR) performance (25%); three and five-year investment performance (25%).	• Further emphasises the longer term nature of the GMB compensation package.
	Shareholding guidelines: Formal shareholding guidelines are in place for all GMB and board members: • Group CEO and Group CFO are required to build up a holding of GAM shares worth 200% of their salary • Other GMB members are required to build up a holding of GAM shares worth 100% of their salary • Board of Directors are required to build up a holding of GAM shares worth 200% of their annual cash fee.	• Provides greater alignment between GAM board members, GMB and other shareholders of GAM.
Transparency	**Retrospective vote:** GAM requests retrospective shareholder approval for GMB variable compensation.	• A retrospective vote provides shareholders greater transparency as to the amount of variable compensation requested for GMB awards relative to the year's performance.
	Disclosure: The annual compensation report provides a transparent explanation of compensation decisions, in particular retrospective disclosure of targets for financial performance measures used in the determination of annual bonuses and prospective disclosure of targets for LTIP awards.	• Provides shareholders with increased visibility of the link between the performance in the year and GMB compensation.
Sound risk management	**Risk management:** a well balanced mix of fixed and variable compensation is combined with deferrals, which includes malus and clawback provisions.	• Continues to align compensation to support sustainable performance and sound risk management.

[1] As outlined in the Chairman's letter of this report, the GMB will not recieve any variable compensation for performance year 2019, as such the annual bonus amount deferred for the GMB was not reviewed by the Compensation Committee.

3. COMPENSATION FRAMEWORK

This section of the report details the compensation framework for the Group.

The following table sets out the elements of compensation which Group Management Board members are eligible to receive and how they will be structured during 2020.

Fixed compensation

Element	Structure	2020 implementation
Base salary To appropriately recognise responsibilities and attract and retain talent	Generally reviewed annually. The review takes into consideration a number of factors, including (but not limited to): • The individual's role, experience and performance • Business performance • Market data for comparable roles in appropriate comparators[1] • Compensation decisions elsewhere in the Group.	**Aggregate GMB members:** GMB fixed compensation will be capped at CHF 4,500,000. **Group CEO:** The Group CEO has a base salary of CHF 750,000 per annum. **Group CFO:** The Group CFO's base salary remains unchanged at GBP 500,000 per annum.
Pension/benefits To provide market competitive benefits	Benefits take into account local market practice. Benefits may include pension contributions, life assurance and private medical insurance. Benefits are intended to be competitive in each of the markets in which we operate.	**Aggregate GMB members:** Pension contributions and benefits for GMB members are in line with local practices for other employees.

1 Survey data is taken into consideration for each of the Group Management Board roles. The data is one of the inputs used to inform the Compensation Committee of compensation practices in peer companies and as a broad market sense-check of our proposals. It is not used as a specific benchmark.

Variable compensation

GMB variable compensation cap	Total GMB variable compensation (comprising annual bonuses and long-term incentive plans) will be capped at 5% of underlying profit before taxes, excluding GMB variable compensation. The cap will exclude social security, pension costs and one-time awards for new members.	
Element	**Structure**	**2020 performance year**
Annual bonus [2, 3, 4, 6] To link reward to key business targets for the forthcoming year and to individual contribution Additional alignment with shareholders' interests through deferred compensation	All GMB members' annual bonuses are based on performance assessed over one year using a balanced scorecard. For financial metrics, 25% of maximum will be paid for achieving a threshold level of performance increasing to 50% for target performance and 100% for significant outperformance. Annual bonuses for the Group CEO and Group CFO are capped at a maximum of 300% of salary and 200% of salary respectively. 50% of GMB members' annual bonuses are paid in cash with 50% delivered in GAM shares vesting equally over a four-year period.	GMB annual bonuses will be determined by a balanced scorecard comprising financial, strategic and business and personal performance metrics. For the Group CEO and Group CFO these will be weighted 60% / 20% / 20% respectively. Financial metrics will be underlying profit before taxes, operating margin, net flows and three-year investment performance. Strategic and business metrics will be based on agreed budgets, KPIs and on the delivery against strategic priorities.
Long-term [2, 3, 4, 5, 6] **incentive plan (LTIP)** To link reward to key business targets for the longer term with the objective of providing sustainable value and growth for our shareholders	Individual LTIP awards for the Group CEO and Group CFO are capped with a maximum face value (at grant) of 250% and 200% of their respective salaries. For LTIP awards granted from 2018 onwards: • Vesting will be determined by corporate performance targets measured over a three-year period • Vested awards will be released five years after grant date • A maximum of 25% of the LTIP will vest for achieving a threshold level of performance increasing to 50% for target performance and 100% for exceptional performance.	As stated in the Chairman's letter in this report there will be no LTIP awards in relation to the 2019 performance year. LTIP's will continue to feature in our compensation framework. Generally the performance metrics utilised in the LTIP are annual underlying earnings per share (EPS) growth (50%); three-year relative total shareholder return (rTSR) performance (25%); three and five-year investment performance (25%).

Share ownership guidelines

To align executive interests with those of shareholders	The Group CEO and Group CFO are expected to build up and maintain a holding in GAM shares worth at least 200% of salary. Other GMB members are expected to build up and maintain a holding worth at least 100% of salary.

[2] The Compensation Committee will retain an overriding discretion to ensure that there is appropriate alignment between business performance and incentive payouts.

[3] All variable compensation awards to GMB members are subject to provisions that enable the Group to reduce or cancel the awards, whether vested (but not yet settled) or unvested, or claim back variable compensation, even after vesting and distribution, 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] When an individual ceases their employment with GAM their outstanding awards will lapse, except where the Compensation Committee deems the individual to be a 'good leaver'. In this case awards made under the deferred bonus plan will typically vest as per the original vesting schedule. For 'good leavers', awards made under the LTIP will remain subject to performance conditions, will typically be pro-rated by the proportion of the performance period in which the individual has been employed and subject to the original vesting schedule.

[5] TSR performance for previous LTIP grants will be measured against the following comparator group: Alliance Bernstein L.P., Amundi SA Asset Management, Ares Management L.P., Artisan Partners Asset Management plc, Ashmore Group plc, BrightSphere Investment Group plc, Eaton Vance Corp, Invesco Ltd, Janus Henderson Group plc, Jupiter Fund Management plc, Legg Mason Inc, Man Group plc, Brookfield Asset Management Inc., Sculptor Capital Management LLC, Partners Group Holding AG, Schroders plc, Standard Life Aberdeen plc, Vontobel Holding AG.

[6] Investment performance is defined as the proportion of funds outperforming their benchmark as disclosed by GAM in its annual results.

3.1 Distribution of Group Management Board members' variable compensation

Our general policy is that Group Management Board variable compensation over the longer term should be appropriately balanced between cash, deferred equity and long-term incentive plan awards (based on face value) although the weightings may vary year to year. This ensures that Group Management Board members are aligned with a strategy of delivering long-term sustainable growth.

3.2 Key terms of Group Management Board members' employment contracts

All employment related agreements for members of the Group Management Board comply with the Swiss Ordinance against Excessive Compensation in Listed Stock Companies. They do not include severance payments or supplementary contributions to pension plans.

3.3 High level compensation principles for other employees

The compensation framework for employees other than the Group Management Board is designed according to the same four overarching principles, reflecting the values which run throughout the organisation.

Pay for performance

The Group aims to provide competitive total compensation in order to attract and retain experienced and talented individuals who will promote its values, better service the needs of its clients and contribute to the overall development and profitability of the Group. The group-wide target compensation ratio of 45–50% of underlying net fee and commission income ensures that reward will be appropriately divided between all employees and shareholders.

Alignment with shareholders' long-term interests

Compensation awards, particularly discretionary bonus payments, are designed to align the interests of employees with those of the Company's shareholders. Annual bonus deferrals for non-Group Management Board employees is into shares or fund units and the proportion of annual bonus deferred is one-third of any annual bonus over CHF 75,000. Deferred shares or fund units will be released in equal tranches over three years. From time to time employees may receive long-term incentive awards that are structured on a consistent basis to those granted to Group Management Board members. These measures help to ensure that employees will only be rewarded for the delivery of sustainable value and growth. In respect of performance year 2019, to increase alignment, deferrals will be increased for a significant proportion of non-GMB employees. Current deferrals of one-third in excess of any bonus over CHF 75,000 will increase to 75% in excess of any bonus over CHF 50,000.

Transparency

The Group's overall approach to compensation is transparent to shareholders, compliant with applicable laws and regulations and consistent with published guidance and with local market practice. A robust annual appraisal process forms part of the compensation process so as to reward success, but minimise the possibility of payment for failure. 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 and include risk-based objectives at the start of each calendar year. While some objectives may be standardised within certain functions, most are tailored to the individual employee's role and responsibilities.

Incentivise sound risk management

The Group regards effective risk management and control as fundamental to all its shareholders and clients and as being central to the successful achievement of its business objectives. Our compensation framework plays an important part in creating ownership throughout the Group for the risks assumed in day-to-day business and ensuring the independence of its control functions. 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. Conduct, risk and compliance matters are taken into account when approving all annual bonus payments.

4. GROUP MANAGEMENT BOARD COMPENSATION FINANCIAL YEAR 2019

This section of the report outlines the total fixed and variable compensation for members of the Group Management Board (GMB), comparing 2019 with 2018. It also provides details of the performance targets used to determine variable compensation awards for 2019.

4.1 The total fixed and variable compensation to the members of the Group Management Board in respect to financial years 2019 and 2018 (audited)

	Group CEO [1, 2, 3, 7]		Group CFO [6]		Aggregate GMB (inclusive of CEO and CFO) [3, 4]	
(in CHF)	**2019**	2018	**2019**	2018	**2019**	2018
Base salary	254,423	1,665,653	635,968	657,599	3,785,756	5,814,645
Fixed equity award	659,745	333,333	-	-	659,745	333,333
Pension fund contributions	23,565	306,097	26,711	12,996	377,442	696,093
Social security contributions	128,863	45,110	89,137	118,840	566,350	600,844
Other benefits	2,895	33,276	5,067	5,314	37,504	146,335
Total fixed compensation	**1,069,491**	**2,383,469**	**756,883**	**794,749**	**5,426,797**	**7,591,250**
Annual bonus [5]						
Cash payments	-	-	-	-	-	1,969,168
Deferred bonus	-	-	-	-	-	1,759,168
Pension fund contributions	-	-	-	-	-	70,538
Social security contributions	-	-	-	-	-	370,900
LTIP [5]						
Performance shares	-	-	-	199,500	-	761,247
Social security contributions	-	-	-	27,531	-	97,177
Total discretionary variable compensation	**-**	**-**	**-**	**227,031**	**-**	**5,028,198**
Total compensation	**1,069,491**	**2,383,469**	**756,883**	**1,021,780**	**5,426,797**	**12,619,448**

1 The above figures for 2019 in respect of the Group CEO relate to Peter Sanderson, who joined the Group and the Group Management Board with effect from 1 September 2019.

2 The highest paid member of the GMB in 2019 was the Group CEO, Peter Sanderson, with a total compensation of CHF 1,069,491 including CHF 128,863 employer's social security contributions.

3 David Jacob, stepped down as the interim Group CEO, with effect from 1 September 2019. David Jacob's fixed compensation for the role of Group CEO was CHF 72,750 per month up to 31 August 2019 and for the month of September 2019, during the transition, his monthly pay was reduced to CHF 58,200. David Jacob's fixed compensation is included in the above aggregate GMB fixed compensation amount. David Jacob is not eligible for any variable compensation.

4 David Jacob's Board of Director fees are not included in the above table but are shown separately in table 6.1.

5 No annual bonus or LTIP grant in respect of the Group Management Board are included for shareholder approval in respect of the 2019 performance year.

6 The Group CFO's base salary remains unchanged. The year-on-year difference is reflective of the exchange rate used when converting from GBP to CHF.

7 Upon hire as Group CEO, Peter Sanderson was granted a one-time fixed award of shares which will align him with a key strategic goal of delivering long-term sustainable shareholder value. The face value of the award equates to one times Mr Sanderson's salary and the award vests linearly over three years and is subject to employment conditions. The table above includes the fair value of this fixed award of shares.

As a result of Mr Sanderson joining the Group as Group CEO and member of the Group Management Board following the 2019 AGM, his total fixed compensation, including his base salary and one-time fixed award of shares, represents a total of CHF 1,069,491, which has been included in the supplementary amount of fixed compensation. This is in accordance with section 11.4 of the Group's Articles of Incorporation. Mr Sanderson's fixed compensation for the 2019 financial year utilised approximately 20% of the available supplemental amount.

4.2 Compensation to former members of the Group Management Board (audited)

In line with the Group's contractual obligations, the former CEO, Alexander S. Friedman, who stepped down with effect from 6 November 2018, received his salary, pension and benefits through the end of his notice period on 6 May 2019. The total amount of fixed compensation attributable to Mr Friedman for 2019 was CHF 675,134 plus social security of CHF 19,466. In addition, a payment of CHF 453,457, plus social security of CHF 6,491, in variable compensation was made in accordance with Mr Friedman's employment contract. By mutual agreement, the payment of variable compensation was significantly reduced from his contractual entitlement. Both the fixed and variable compensation attributable to Mr Friedman for 2019 were previously discussed in section 4.1 of the 2018 compensation report.

4.3 Loans to members of the Group Management Board (audited)

In 2019, no loans were granted to the current or former members of the Group Management Board. No such loans were outstanding at year-end.

4.4 Compensation and loans to closely related parties (audited)

In 2019, no compensation was paid to closely related parties of current or former members of the Group Management Board. No loans were granted in, or were outstanding at the end of 2019 to closely linked parties of current or former members of the Group Management Board.

4.5 Total annual bonus awarded for the year ending 31 December 2019

The objective of the Compensation Committee is to pay Group Management Board members an annual bonus appropriate to the performance achieved both by the Group and by the individual, ensuring the proper balance of employee reward and returns to shareholders and motivating key executives.

A balanced scorecard of financial and non-financial measures is usually utilised to determine annual bonuses for each of the Group Management Board members. Group financial metrics are an integral component of that scorecard and are aligned with our key performance indicators. Each Group Management Board member was also evaluated on strategic, business and personal objectives set earlier in the year.

The relevant financial metrics used in the balanced scorecard to determine the annual bonuses for the Group Management Board are as follows:

- Underlying profit before taxes of CHF 10.5 million;
- Operating margin for 2019 of 4.3%;
- The investment management business experienced net outflows of CHF 11.1 billion.
- Over the three-year period to 31 December 2019, 74% of our assets under management in funds outperformed their respective benchmark.

The following sections provide a detailed breakdown of the balanced scorecard for the Group CEO and Group CFO and an overview in relation to other Group Management Board members.

i) Group CEO and Group CFO

Maximum opportunity
Peter Sanderson as the new Group CEO is not eligible for any variable compensation for 2019. Maximum annual bonus for the Group CFO is capped at 200% of salary.

Form of payment
Under our compensation framework, 50% of any annual bonus is deferred into GAM shares vesting in equal tranches over four years.

Performance metrics
The decisions for the Group CFO annual bonus are based on financial performance (60%), and achievement against strategic and business (20%) and personal objectives (20%).

The table below summarises the metrics, weightings and targets by which financial performance was assessed during 2019.

Financial metrics (60%)

Metric	Weighting	Threshold (25% of max)	Target (50% of max)	Maximum (100%)	Actual	Vesting (% of performance metric)
Underlying profit before taxes [1]	25%	13.3	50.4	94.0	10.5	0.0%
Three-year investment performance [2]	5%	50.0%	62.5%	75.0%	74.0%	96.0%
Operating margin [3]	5%	3.0%	11.8%	20.4%	4.3%	29.0%
Net flows [4]	25%	(3)	0.2	3.0	(11.1)	0.0%
Total [5]	**60%**					**6%**

[1] Net profits before tax in accordance with the International Financial Reporting Standards, excluding certain non-recurring and acquisition-related items.
[2] Percentage of AuM in funds outperforming their benchmark over the relevant period as at 31 December 2019.
[3] Operating margin is calculated as net fee and commission income less expenses, divided by net fee and commission income.
[4] Represents the net asset additions or redemptions by clients for our investment management business.
[5] Notwithstanding the outcome of the scorecard, no bonus is being granted to current members of the GMB.

The Board of Directors consider many factors when determining target, threshold and maximum levels for each financial metric for any given year. When setting such levels the Board of Directors aims to ensure that targets are stretch in nature and take into consideration performance from prior periods, current expectations for the period in question and other factors that should be taken into account. Threshold and maximum levels are determined on the same basis, but with emphasis on providing appropriate parameters for which performance should be judged.

Individual performance assessment of the Group CEO and Group CFO
As stated earlier, Peter Sanderson joined the Group as Group CEO and a member of the Group Management Board with effect from 1 September 2019. Mr Sanderson is not eligible for an annual bonus for the year ending 31 December 2019. Given the financial performance of the Group and in line with our compensation framework, the Group CFO, along with the rest of the Group Management Board, will not receive variable compensation for the 2019 performance year.

ii) Other Group Management Board Members
As referenced in section 4.1, there will not be any variable compensation being put forward to the shareholders for a vote in respect of the current Group Management Board. Despite the lack of variable compensation, the current Group Management Board continued to exhibit exceptional commitment and efforts on the strategic priorities to position the firm for future growth. Some of the notable accomplishments achieved by the Group Management Board include:

- Completion of the liquidation of the ARBF strategies and returning on average 100% of net asset value to clients relative to the valuations at the time the liquidation of the respective funds commenced;
- Successful sale of precious metals and money market funds to ZKB;
- Management of product shelf, including fund mergers, closures, launches and development to optimise the Group's investment proposition;
- Implemented cost saving initiatives, via continued simplification of our business to achieve additional efficiency gains and the restructuring programme, resulting in the Group exceeding stated cost saving targets;
- Increased assets under management in the private labelling business to CHF 84.3 billion as at 31 December 2019 despite a difficult market environment;
- Developed additional client centric focus programs improving various facets of the client experience;
- Focus on legal, risk and compliance initiatives in line with the Group's strategic objectives and global regulatory requirements;
- Continual development of culture initiatives including completion of employee engagement survey and concerted efforts with respect to embedding core values.

4.6 Long-term incentive grant to be awarded in 2020

In line with section 4.1, as there will not be any variable compensation being put forward to the shareholders for a vote in respect of the current Group Management Board, there will not be any long-term incentive awards granted to the Group Management Board in 2020.

4.7 One-time fixed award

Peter Sanderson joined the Group as Group CEO and member of the Group Management Board with effect from 1 September 2019. Mr Sanderson was granted a one-time fixed award of shares with a fair value of CHF 659,745 (face value of CHF 750,000) which will align him with a key strategic goal of delivering long-term sustainable shareholder value. The award will vest linearly over three years and is subject to employment conditions and shareholding guidelines. As provided for in the Group's Articles of Incorporation, Mr Sanderson's fixed compensation for 2019, inclusive of the one-time fixed award of shares, was provided for under the supplementary amount covering members who join the Group Management Board following the prospective shareholder vote on fixed compensation.

5. FEE STRUCTURE FOR BOARD OF DIRECTORS

This section of the report outlines the fee structure for the Board of Directors. Details of total fees received by Board members in the 2019 financial year are set out in section 6.

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. There are no agreements that provide for severance payments.

The compensation of the members of the Board of Directors, including its Chairman, consists of:

- an annual fixed fee paid in a mixture of cash and GAM Holding AG shares. These annual share awards provide an alignment with shareholder interests as they ensure that each Board member has exposure to share price performance during their one-year term of office; and
- supplementary fixed fee amounts paid in cash for serving as a member or as Chairman on the committees of the Board of Directors. These supplementary fees are designed to reflect the workload in serving on the Board of Directors' various committees.

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.

Fees will remain the same for the Board of Directors, however, to increase alignment with shareholders, the Chairman and the Vice Chairman of the Board of Directors will have an increased share-based fee with a corresponding reduction to their cash-based fee. This revised fee structure will be effective from the 2020 Annual General Meeting as outlined in the table below.

(in CHF)	AGM 2018 to AGM 2019	AGM 2019 to AGM 2020	AGM 2020 to AGM 2021
Fixed cash fee			
Chairman of the Board	350,000	300,000	200,000
Vice-chairman of the Board	120,000	100,000	80,000
Other members of the Board	100,000	100,000	100,000
Share-based fee			
Chairman of the Board	250,000 [1]	200,000 [2]	300,000 [3]
Vice-chairman of the Board	100,000	100,000 [2]	120,000 [3]
Other members of the Board	100,000 [1]	100,000 [2]	100,000 [3]
Supplementary cash fees			
Chairman of the Audit Committee	60,000	40,000	40,000
Chairman of the Risk Committee	-	40,000	40,000
Chairman of the Compensation Committee	40,000	40,000	40,000
Chairman of the Governance and Nomination Committee	20,000	20,000	20,000
Other members of the Audit Committee	30,000	20,000	20,000
Other members of the Risk committee	-	20,000	20,000
Other members of the Compensation Committee	20,000	20,000	20,000
Other members of the Governance and Nomination Committee	10,000	10,000	10,000

[1] Equity with this fair value was granted following AGM 2018 and vested on the day before the Company's 2019 AGM.

[2] Equity with this fair value was granted following AGM 2019 and will vest on the day before AGM 2020.

[3] Equity with this fair value will be granted following the AGM 2020 and will vest the day before AGM 2021.

6. BOARD OF DIRECTORS COMPENSATION FOR FINANCIAL YEAR 2019

This section of the report outlines the total fixed compensation for members of the Board of Directors, in respect to financial years 2019 and 2018.

6.1 The total compensation to the Board of Directors in respect to financial years 2019 and 2018 (audited)

(in CHF)		Fixed cash fee	Committee fee	Share-based fee [7]	Social security	Other benefits	Total compensation [12]
Hugh Scott-Barrett [1]	2019	267,650	5,000	139,725 [8]	55,423	-	**467,798**
	2018	350,000	-	249,989	81,396	-	**681,385**
Diego du Monceau [2]	2019	33,333	10,000	-	-	-	**43,333**
	2018	100,000	30,000	99,993	-	-	**229,993**
Benjamin Meuli	2019	106,667	80,000	99,996	19,778	-	**306,441**
	2018	113,333	69,724	99,993	19,315	-	**302,365**
Nancy Mistretta	2019	100,000	50,000	99,996	-	-	**249,996**
	2018	100,000	50,000	99,993	-	-	**249,993**
Ezra Field [3]	2019	33,333	6,667	-	-	-	**40,000**
	2018	100,000	16,667	99,993	-	-	**216,660**
David Jacob [4, 11]	2019	151,471	-	160,268 [9]	42,641	-	**354,380**
	2018	100,000	42,361	99,993	32,807	-	**275,161**
Monica Mächler [5]	2019	33,333	13,333	-	2,391	-	**49,057**
	2018	66,667	26,667	99,993 [5]	13,811	-	**207,138**
Katia Coudray [6]	2019	66,667	26,667	99,996	13,812	-	**207,142**
	2018	-	-	-	-	-	**-**
Jacqui Irvine [6]	2019	66,667	20,000	99,996	24,736	-	**211,399**
	2018	-	-	-	-	-	**-**
Monika Machon [6]	2019	66,667	40,000	99,996	27,582	-	**234,245**
	2018	-	-	-	-	-	**-**
Total	2019	**925,788**	**251,667**	**799,973**	**186,363**	**-**	**2,163,791** [10]
	2018	**930,000**	**235,419**	**849,947**	**147,329**	**-**	**2,162,695**

1 As Chairman of the Board of Directors between April 2017 and September 2019, Hugh Scott-Barrett was not eligible to receive committee fees. He resigned as Chairman of the Board of Directors effective 30 September 2019 and has since received the committee fee as Chairman of the Governance and Nomination committee.

2 Diego du Monceau resigned as a member of the Board of Directors at the 2019 AGM.

3 Ezra Field resigned as a member of the Board of Directors at the 2019 AGM.

4 David Jacob was interim Group CEO between 6 November 2018 and 30 September 2019 in addition to his role as a member of the Board of Directors. He resigned as a member of the Compensation Committee of the Board of Directors effective 6 November 2017. He assumed the role of Chairman of the Board of Directors on 1 October 2019. As Chairman of the Board of Directors, David Jacob is not eligible to receive committee fees.

5 Monica Mächler was elected as a member of the Board of Directors at the 2018 AGM and resigned at the 2019 AGM. Subsequent to the grant of 99,993 shares in 2018 and prior to the vesting in 2019, Monica Mächler requested to forego this award and the Board of Directors accepted.

6 Katia Coudray, Jacqui Irvine and Monika Machon were elected as members of the Board of Directors at the 2019 AGM.

7 On 9 May 2019, the Board of Directors (excluding the newly appointed Chairman) were each awarded the right to receive 23,584 GAM Holding AG shares (at a fair value of CHF 4.24 per share based on the share's closing price on the first trading line at the SIX Swiss Exchange on 8 May 2019). On the same day, the Chairman of the Board of Directors received 47,169 shares with a fair value of CHF 4.24. These shares will vest and be delivered on the day before the Company's 2020 AGM, provided the member is in office, proposed or decides not to stand for re-election.

8 Hugh Scott-Barrett stepped down as Chairman of the Board of Directors on 30 September 2019 and therefore forfeited 14,215 GAM Holding AG shares (at a fair value of CHF 4.24 per share based on the share's closing price on the first trading line at the SIX Swiss Exchange on 8 May 2019).

9 David Jacob assumed the role as Chairman of the Board of Directors on 1 October 2019 and therefore was awarded the right to receive 15,068 GAM Holding AG shares (at a fair value of CHF 4.00 per share based on the share's closing price on the first trading line at the SIX Swiss Exchange on 30 September 2019) for his new role. This amount is in addition to the 23,584 GAM Holding AG shares awarded on 9 May 2019 as member of the Board of Directors.

10 Total fixed compensation (including employer's social security costs) paid to the Board of Directors between AGM 2018 and AGM 2019 was CHF 2,261,043 and between AGM 2019 and AGM 2020 was CHF 2,095,451. The figure for AGM 2019 to AGM 2020 includes an estimate for the period from 1 January to 30 April 2020. These totals were both within the maximum values approved by shareholders (CHF 2,500,000 and CHF 2,350,000 respectively).

11 David Jacob's compensation as interim Group CEO and member of the Group Management Board is not included in the above fees, but is shown seperately in section 4.1.

12 The functions of the Board of Directors are set out in the corporate governance section of the Annual Report on page 57.

6.2 Compensation to former members of the Board of Directors (audited)

In 2019, no compensation was paid to former members of the Board of Directors who stepped down prior to 1 January 2019.

6.3 Loans to members of the Board of Directors (audited)

In 2019, no loans were granted to the current or former members of the Board of Directors. No such loans were outstanding at year-end.

6.4 Compensation and loans to closely related parties (audited)

In 2019, 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 2019 to closely linked parties of current or former members of the Board of Directors.

7. SHAREHOLDINGS

This section of the report sets out the shareholdings of the Group Management Board and the Board of Directors.

7.1 Group Management Board

The shareholdings of members of the Group Management Board who held office during 2019 are shown in the following table. All interests shown include any shares which vested during the year or shares acquired in the market by a Group Management Board member. The Group CEO and Group CFO are expected to build up shareholdings worth at least 200% of their salary, for other members of the Group Management Board the expectation is 100% of salary. Once an award of shares has vested, each Group Management Board member will retain the shares granted, net of any shares sold to meet tax obligations, where applicable, in order to meet the shareholding requirements.

	Vested shares [1]		Unvested shares [2, 3]	
	2019	2018	**2019**	2018
Alexander S. Friedman [6]	-	58,421	-	288,862
Peter Sanderson [4, 5]	-	-	239,617	-
Richard McNamara [4]	62,165	45,117	58,169	90,508
Larry Hatheway [6]	-	12,758	-	98,793
Tim Dana [6]	-	12,906	-	47,389
Martin Jufer	10,987	-	67,687	33,796
Tim Rainsford	71,355	31,696	240,780	180,531
Elmar Zumbuehl	10,504	5,721	52,848	20,546
Rachel Wheeler [6]	-	-	72,022	-
Matthew Beesley [6]	1,495	-	121,618	14,075

[1] The number of vested shares represents shares held by the individual (together with interests held by their connected persons) which are neither subject to performance conditions nor continued employment.

[2] Unvested shares reflects the number of shares which will normally vest to the individual subject to continued employment at the relevant vesting date. This includes shares that are deferred under the annual bonus plan and one-time share awards granted at recruitment.

[3] Unvested shares does not include unexercised options or unvested performance shares. These are excluded as the number of options that become exercisable or performance shares that vest will be dependent upon share price performance and/or GAM's performance against specific performance criteria as well as continued employment until the relevant vesting date.

[4] Against the total shareholding requirements based on vested shares only and the share price as at 30 December 2019 of CHF 2.80, Peter Sanderson is currently at 45% of target and Richard McNamara is currently at 26% of target.

[5] Peter Sanderson joined the Group Management Board on 1 September 2019.

[6] Alexander S. Friedman stepped down as Group CEO and member of the Group Management Board on 6 November 2018. Larry Hatheway and Tim Dana stepped down from the Group Management Board on 31 December 2018. Rachel Wheeler joined the Group Management Board in September 2018 and Matthew Beesley joined the Group Management Board in October 2018.

7.2 Board of Directors

The shareholdings of the directors who held office during 2019, in shares of GAM Holding AG are shown in the following table. All interests shown include the portion of vested shares allocated to the directors as part of their fee, shares acquired in the market by the directors and shares held by connected parties related to the directors.

Members of the Board of Directors are required to build up and retain a holding of GAM shares worth at least 200% of their annual cash fee. Once an award of shares has vested, each director will retain the shares granted, net of any shares sold to meet tax obligations, where applicable, in order to meet the shareholding requirements.

None of the Board of Directors hold options over GAM Holding AG shares.

	Vested shares [1]		Unvested shares [2]	
	2019	2018	**2019**	2018
Hugh Scott-Barrett [3]	36,330	28,056	32,954	15,693
Diego du Monceau [4]	-	26,025	-	6,277
Benjamin Meuli	32,973	27,176	23,584	6,277
Nancy Mistretta	17,093	12,397	23,584	6,277
Ezra Field [4]	-	12,397	-	6,277
David Jacob [5]	10,355	7,047	38,652	6,277
Monica Mächler [4, 6]	-	-	-	6,277
Katia Coudray [7]	-	-	23,584	-
Jacqui Irvine [7]	-	-	23,584	-
Monika Machon [7]	-	-	23,584	-

[1] The number of vested shares represents shares held by the individual (together with interests held by their connected persons) which are neither subject to performance conditions nor continued employment.

[2] Members of the Board of Directors have an outstanding entitlement to 23,584 unvested shares that were awarded after AGM 2019 and which will vest on the day before the Company's 2020 AGM. The Chairman of the Board of Directors has an entitlement to 47,169 unvested shares that were granted on an equivalent basis.

[3] Hugh Scott-Barrett stepped down as Chairman of the Board of Directors on 30 September 2019 and therefore forfeited 14,215 GAM Holding AG shares.

[4] Diego du Monceau, Ezra Field and Monica Mächler resigned as members of the Board of Directors at the 2019 AGM.

[5] David Jacob assumed the role of Chairman of the Board of Directors on 1 October 2019 and therefore was awarded the right to receive 15,068 GAM Holding AG shares for his new role. This amount is in addition to the 23,584 GAM Holding AG shares he was awarded on 9 May 2019 as a member of the Board of Directors.

[6] Monica Mächler forfeited her right to the unvested shares before the 2019 AGM.

[7] Katia Coudray, Jacqui Irvine and Monika Machon were elected as members of the Board of Directors at the 2019 AGM.

8. COMPENSATION GOVERNANCE

This section of the report outlines the governance framework used to determine compensation.

Compensation responsibilities

Annual total compensation of [1]	Proposal	Approval
Chairman of the Board of Directors	Compensation Committee	Compensation Committee
Ordinary members of the Board of Directors (including committee fees)	Compensation Committee	Board of Directors
Group CEO	Chairman of the Board	Compensation Committee
Other members of the Group Management Board	Group CEO	Compensation Committee
Heads of control functions (risk, compliance and internal audit)	Group CEO Chairman of Audit Committee	Compensation Committee

[1] The aggregate compensation for the Board of Directors and the Group Management Board (for both fixed and variable compensation components) is subject to a shareholder binding vote.

8.1 Compensation authorities

Board of Directors

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

Compensation Committee

The Compensation Committee is delegated with the role of supporting the Board of Directors in setting compensation guidelines, establishing share-based compensation plans and approving compensation levels and specific awards subject to any caps or other limitations imposed by the general meeting of shareholders of the Company pursuant to the Swiss Ordinance against Excessive Compensation in Listed Stock Corporations.

At the 2019 Annual General Meeting, the shareholders re-elected Nancy Mistretta and Benjamin Meuli and elected Katia Coudray as non-executive members of the Compensation Committee, with Nancy Mistretta being appointed as Chairman.

The Compensation Committee regularly reports to the Board of Directors on the status of its activities, the development of the compensation architecture within the Group and on the operational implementation of the Group compensation policy.

The table below provides an overview of the Compensation Committee's meeting schedule for performance year 2019:

Meeting schedule

Meeting	Standing agenda items
January	Approval of the aggregate annual bonus pools
	Determination of compensation to be paid to the Group CEO
	Approval of compensation to be paid to other members of the Group Management Board
	Review of individual compensation payments for senior executives outside of the Group Management Board
	Determination of compensation paid to the Chairman of the Board
	Proposal of the compensation paid to the members of the Board and to the members of the committees
February	Determination of the 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 the Chairman of the Board of Directors (assuming approval of total aggregate fixed compensation proposed to AGM)
	Determination of the Group Management Board's total aggregate fixed and variable compensation proposals, to be submitted to the AGM for a binding vote
	Final review and approval of the compensation report
May	Annual review of the Group compensation policy and share-based compensation plans
September	Annual review of the Compensation Committee charter
	Initial review and provision of guidance for group-wide compensation proposals
December	Final review of group-wide compensation proposals

An additional meeting was also held to review and approve compensation for the Group CEO role and transition of the Group's interim CEO to Group Chairman.

8.2 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 annual bonus pool for all employees across the Group and variable compensation to be paid for the other members of the Group Management Board (subject to shareholder approval).

For the other members of the Group Management Board, the sum proposed by the Group CEO is based on the individual's performance and contribution against pre-determined balanced scorecards comprised of financial, strategic and business and personal objectives determined by the Group CEO and approved by the Compensation Committee.

For all other employees, the Group CEO supported by the Group CFO and 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 annual bonus pool are allocated to the various business functions and teams. Subsequently, manager proposals for the awards of discretionary annual bonuses are reviewed by the Group CEO in order to ensure distribution has been fair and aligned with individual contribution and performance. The Group CEO's approval is required for any individual employee with total compensation exceeding CHF 500,000.

8.3 Compensation Management Committee

The Compensation Committee has delegated authority to the Compensation Management Committee (CMC) comprising the Group CEO, Group Head of Human Resources, Group Chief Risk Officer, Group Head of Compliance and Group General Counsel. The CMC is responsible for providing advice and support to ensure that compensation policies and processes across the Group are operated in line with current and future compensation regulations. It also provides information on conduct, risk and compliance matters in relation to all employees, including Material Risk Takers and Identified Staff as defined under the various EU regulations, which is taken into account when approving all annual bonus payments.

8.4 Shareholders

In accordance with the Swiss Ordinance against Excessive Compensation in Listed Stock Corporations, we seek binding shareholder approval for the aggregate compensation for the Group Management Board and for the Board of Directors:

	Proposal	Approval	Binding vote	AGM vote
Maximum aggregate amount of annual fixed compensation for members of the Board of Directors for AGM 2020 to AGM 2021	Compensation Committee	Board of Directors	Annual General Meeting	Prospective
Maximum aggregate amount of annual fixed compensation for members of the Group Management Board for 2020	Compensation Committee	Board of Directors	Annual General Meeting	Prospective
The aggregate amount of annual variable compensation for members of the Group Management Board for 2019	Compensation Committee	Board of Directors	Annual General Meeting	Retrospective

	Proposal	Approval	Consultative vote
2019 compensation report	Compensation Committee	Board of Directors	Annual General Meeting

The Board of Directors remains of the view that obtaining prospective approval for the maximum aggregate amount of fixed compensation for both the Board of Directors and the Group Management Board is appropriate to ensure stability in the day-to-day management of the Group. Shareholders at the 2020 Annual General Meeting and beyond will be asked to approve the aggregate variable compensation for the Group Management Board on a retrospective basis, as this provides shareholders with greater transparency on the variable compensation requested in relation to the prior year's performance. In addition there will also be a consultative vote on the compensation report. Details of the 2020 Annual General Meeting resolutions can be found in section 9 of this report.

In respect of 2019 fixed compensation for the Board of Directors and the Group Management Board, the Compensation Committee fully complied with the prospective levels approved by the shareholders at the 2019 Annual General Meeting.

Approved and paid fixed compensation for the Group Management Board and the Board of Directors

CHF (including any shares)	Approved 2019	Paid 2019	Approved 2018	Paid 2018
Board of Directors [1]	2,350,000	2,095,451	2,500,000	2,321,544
Group Management Board [2,3]	6,000,000	5,053,432	8,000,000	7,641,250

[1] The approved and paid compensation for the Board of Directors is for the period AGM to AGM. The figure for 2019 includes an estimate for the period 1 January to 30 April 2020.

[2] The approved and paid compensation for the Group Management Board is for the financial year.

[3] The paid amount in 2019 includes the fixed compensation for the former CEO, Alexander S. Friedman. Further details of his compensation are included in section 4.2 of this compensation report.

[4] The supplementary amount of compensation available in accordance with section 11.4 of the Group's Articles of Incorporation is CHF 4,800,000. The paid fixed compensation of the Group CEO for the financial year 2019 was CHF 1,069,491.

9. AGM RESOLUTIONS

This section of the report outlines the compensation resolutions to be put to shareholders at the 2020 Annual General Meeting.

1) **Elections to the Compensation Committee of the Board of Directors (binding vote)**
Shareholder approval will be sought for the election of three Compensation Committee members until the 2021 Annual General Meeting, as proposed by the Board of Directors.

2) **Approval of the fixed compensation of the Board of Directors (binding vote)**
Shareholder approval will be sought for fixed compensation for the Board of Directors of a maximum of CHF 2,350,000 for the period AGM 2020 to AGM 2021. The fee framework for the Board of Directors is set out in section 5 of this compensation report and the total amount of fixed compensation for shareholder approval is unchanged from the prior year.

3) **Approval of the fixed compensation of the Group Management Board (binding vote)**
Shareholder approval will be sought for fixed compensation for the Group Management Board of a maximum of CHF 4,500,000 for the 2020 financial year. The fixed compensation framework for the Group Management Board is set out in section 3 of this compensation report.

4) **Approval of variable compensation of the Group Management Board (binding vote)**
Shareholder approval will be sought for variable compensation for the Group Management Board of CHF 459,948 in relation to the 2019 financial year. This amount is within the 5% Group Management Board variable compensation cap and further details are available in section 4.2 of this compensation report.

5) **Approval of the compensation report (consultative vote)**
The shareholders' meeting shall be asked to approve the 2019 compensation report on a non-binding consultative basis.

Report of the Statutory Auditor

To the General Meeting of GAM Holding AG, Zurich

Report on the Audit of the Compensation Report

We have audited the accompanying compensation report of GAM Holding AG for the year ended 31 December 2019. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in sections 4.1 to 4.4 on pages 83 to 84 as well as sections 6.1 to 6.4 on pages 88 to 89 of the compensation report.

Responsibility of the Board of Directors

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 compensation system and defining individual compensation 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 compensation 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 compensation, 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 2019 of GAM Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Thomas Dorst
Licensed Audit Expert
Auditor in Charge

Mirko Liberto
Licensed Audit Expert

Zurich, 19 February 2020

KPMG AG, Räffelstrasse 28, PO Box, CH-8045 Zurich

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	2019 CHF m	2018 CHF m restated [1]	Change in %
Net management fees and commissions	1	317.1	495.4	(36)
Net performance fees	1	18.5	4.8	285
Net fee and commission income	1	**335.6**	**500.2**	**(33)**
Net other income	2	8.2	115.8	(93)
Income		**343.8**	**616.0**	**(44)**
Personnel expenses	3	198.2	255.1	(22)
General expenses	4	107.8	160.2	(33)
Depreciation and amortisation		28.8	40.5	(29)
Impairment losses	13	7.8	1,081.3	(99)
Expenses		**342.6**	**1,537.1**	**(78)**
Profit/(loss) before taxes		**1.2**	**(921.1)**	**-**
Income tax expense/(credit)	5.1	4.7	(4.3)	-
Net loss attributable to the shareholders of the Company		**(3.5)**	**(916.8)**	**-**
Loss per share				
Basic loss per share (CHF)	7	(0.02)	(5.90)	-
Diluted loss per share (CHF)	7	(0.02)	(5.90)	-

[1] Comparative figures have been restated to reflect an error in the accounting treatment of a contractual obligation to allocate future performance fees. For further information see note 28.1.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2019 CHF m	2018 CHF m restated [1]	Change in %
Net loss attributable to the shareholders of the Company		**(3.5)**	**(916.8)**	**-**
Remeasurements of pension liabilities	16	(20.9)	12.4	-
Income tax credits/(charges) relating to remeasurements of pension liabilities	12.1	3.4	(1.5)	-
Items that will not be reclassified subsequently to the income statement, net of taxes		**(17.5)**	**10.9**	**-**
Translation differences		2.2	(10.2)	-
Items that may be reclassified subsequently to the income statement, net of taxes		**2.2**	**(10.2)**	**-**
Other comprehensive (loss)/income, net of taxes		**(15.3)**	**0.7**	**-**
Total comprehensive loss attributable to the shareholders of the Company		**(18.8)**	**(916.1)**	**-**

[1] Comparative figures have been restated to reflect an error in the accounting treatment of a contractual obligation to allocate future performance fees. For further information see note 28.1.

CONSOLIDATED BALANCE SHEET

	Note	31.12.2019 CHF m	31.12.2018 CHF m restated [1]	01.01.2018 CHF m restated [1]	Change from 31.12.2018 in %
Cash and cash equivalents	8	315.8	328.2	373.8	(4)
Trade and other receivables		23.8	39.6	53.6	(40)
Accrued income and prepaid expenses	9	102.6	94.7	152.8	8
Financial investments	10.1	20.3	30.6	45.9	(34)
Employee benefit asset		0.3	-	-	-
Assets held for sale	11	28.2	42.9	39.2	(34)
Current assets		**491.0**	**536.0**	**665.3**	**(8)**
Financial investments and other financial assets	10.1	4.9	5.6	2.5	(13)
Employee benefit asset		3.3	0.9	-	267
Deferred tax assets	12.1	36.0	37.1	52.3	(3)
Property and equipment	13	86.8	24.1	8.8	260
Goodwill and other intangible assets	13	713.1	724.5	1,852.2	(2)
Non-current assets		**844.1**	**792.2**	**1,915.8**	**7**
Assets		**1,335.1**	**1,328.2**	**2,581.1**	**1**
Trade and other payables		16.2	32.8	30.9	(51)
Other financial liabilities	10.2	26.9	18.3	21.8	47
Accrued expenses and deferred income	14	200.0	219.5	250.0	(9)
Current tax liabilities		1.7	1.2	15.7	42
Provisions	15	11.4	31.7	6.8	(64)
Liabilities held for sale	11	2.4	1.9	2.6	26
Current liabilities		**258.6**	**305.4**	**327.8**	**(15)**
Financial liabilities	10.2	107.3	56.6	184.8	90
Provisions	15	4.0	6.7	7.8	(40)
Pension liabilities	16	87.2	72.0	109.7	21
Deferred tax liabilities	12.2	3.0	6.3	37.7	(52)
Non-current liabilities		**201.5**	**141.6**	**340.0**	**42**
Liabilities		**460.1**	**447.0**	**667.8**	**3**
Share capital	17	8.0	8.0	8.0	0
Capital reserves	17	893.4	893.4	995.0	0
Retained earnings		139.5	156.5	1,056.2	(11)
Foreign currency translation reserve		(102.4)	(104.6)	(94.4)	(2)
Treasury shares	17	(63.5)	(72.1)	(51.5)	(12)
Equity attributable to the shareholders of the Company		**875.0**	**881.2**	**1,913.3**	**(1)**
Liabilities and equity		**1,335.1**	**1,328.2**	**2,581.1**	**1**

[1] Comparative figures have been restated to reflect an error in the accounting treatment of a contractual obligation to allocate future performance fees. For further information see note 28.1.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital CHF m	Capital reserves CHF m	Retained earnings CHF m restated [2]	Foreign currency translation reserve CHF m restated [2]	Treasury shares CHF m	**Equity attributable to the shareholders of the Company** CHF m restated [2]
Balance at 1 January 2018		**8.0**	**995.0**	**1,027.3**	**(96.2)**	**(51.5)**	**1,882.6**
Effect of restatement [2]	28.1	-	-	28.9	1.8	-	**30.7**
Balance at 1 January 2018 [2]		**8.0**	**995.0**	**1,056.2**	**(94.4)**	**(51.5)**	**1,913.3**
Net loss attributable to the shareholders of the Company		-	-	(916.8)	-	-	**(916.8)**
Other comprehensive income, net of taxes [1]		-	-	10.9	(10.2)	-	**0.7**
Total comprehensive loss [2]		**-**	**-**	**(905.9)**	**(10.2)**	**-**	**(916.1)**
Dividends paid	17	-	(101.6)	-	-	-	**(101.6)**
Share-based payment expenses, net of taxes	5.3/22	-	-	14.5	-	-	**14.5**
Acquisitions of own shares and derivatives on own shares	17	-	-	-	-	(28.9)	**(28.9)**
Disposals of own shares and derivatives on own shares	17	-	-	(8.3)	-	8.3	**-**
Total transactions with shareholders of the Company		**-**	**(101.6)**	**6.2**	**-**	**(20.6)**	**(116.0)**
Balance at 31 December 2018 [2]		**8.0**	**893.4**	**156.5**	**(104.6)**	**(72.1)**	**881.2**
Net loss attributable to the shareholders of the Company		-	-	(3.5)	-	-	**(3.5)**
Other comprehensive loss, net of taxes [1]		-	-	(17.5)	2.2	-	**(15.3)**
Total comprehensive loss		**-**	**-**	**(21.0)**	**2.2**	**-**	**(18.8)**
Share-based payment expenses, net of taxes	5.3/22	-	-	12.6	-	-	**12.6**
Disposals of own shares and derivatives on own shares	17	-	-	(8.6)	-	8.6	**-**
Total transactions with shareholders of the Company		**-**	**-**	**4.0**	**-**	**8.6**	**12.6**
Balance at 31 December 2019		**8.0**	**893.4**	**139.5**	**(102.4)**	**(63.5)**	**875.0**

[1] Details of the line item 'other comprehensive (loss)/income, net of taxes' are shown in the consolidated statement of comprehensive income.

[2] Comparative figures have been restated to reflect an error in the accounting treatment of a contractual obligation to allocate future performance fees. For further information see note 28.1.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2019 CHF m	2018 CHF m restated [1]
Net loss attributable to the shareholders of the Company		**(3.5)**	**(916.8)**
Adjustments to reconcile net loss to cash flow from operating activities			
Non-cash items included in net loss:			
– Impairment losses	13	7.8	1,081.3
– Depreciation and amortisation		28.8	40.5
– Share-based payment expenses	22	12.3	15.5
– Other non-cash items		0.6	26.4
Net changes in:			
– Financial investments and other financial assets		27.4	7.6
– Trade and other receivables (excluding tax receivables)		19.3	12.6
– Accrued income and prepaid expenses (excluding accrued interest)		(9.1)	53.7
– Trade and other payables		(18.0)	8.5
– Accrued expenses and deferred income (excluding accrued interest)		(19.4)	(21.0)
– Other liabilities		(44.9)	(181.2)
Net interest expenses		20.0	33.2
Interest received		0.6	0.3
Interest paid		(1.3)	(1.2)
Income tax expense/(credit)	5	4.7	(4.3)
Income taxes paid		(4.2)	(34.5)
Cash flow from operating activities		**21.1**	**120.6**
Payments of acquisition-related deferred consideration		(14.7)	(1.3)
Disposal of subsidiaries (net of cash)		0.1	0.1
Purchase of property, equipment and intangible assets		(8.9)	(23.7)
Disposal of property and equipment		0.1	-
Cash flow from investing activities		**(23.4)**	**(24.9)**
Purchase of treasury shares	17	-	(28.9)
Payment of lease liabilities		(8.1)	-
Dividends paid to shareholders of the Company	17	-	(101.6)
Deferred payment for the acquisition of non-controlling interests		(0.8)	(2.2)
Cash flow from financing activities		**(8.9)**	**(132.7)**
Effects of exchange rate changes on cash and cash equivalents		(1.2)	(8.6)
Net decrease in cash and cash equivalents		**(12.4)**	**(45.6)**
Cash and cash equivalents at the beginning of the year		328.2	373.8
Cash and cash equivalents at the end of the year	8	**315.8**	**328.2**

[1] Comparative figures have been restated to reflect an error in the accounting treatment of a contractual obligation to allocate future performance fees. For further information see note 28.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. Net fee and commission income

	2019 CHF m	2018 CHF m	Change in %
Investment management, advisory and other fees	826.3	1,054.9	(22)
Distribution, fee and commission expenses	(509.2)	(559.5)	(9)
Net management fees and commissions	**317.1**	**495.4**	**(36)**
of which investment management	284.9	453.6	(37)
of which private labelling	32.2	41.8	(23)
Performance fees	24.5	8.4	192
Performance fees paid to external investment managers	(6.0)	(3.6)	67
Net performance fees	**18.5**	**4.8**	**285**
Net fee and commission income	**335.6**	**500.2**	**(33)**

2. Net other income

	Note	2019 CHF m	2018 CHF m restated [1]	Change in %
Adjustments to deferred consideration liabilities	6	4.6	46.5	(90)
Gain on sale of precious metal funds	6	14.0	-	-
Net foreign exchange losses		(1.2)	(0.2)	-
Interest income		0.5	0.4	25
Interest expenses		(20.5)	(33.6)	-
Net losses on financial instruments at fair value through profit or loss		(0.9)	(1.6)	-
Adjustment to financial liability for performance fees attributable to external interests	6	4.2	99.7	(96)
Income from insurance recovery relating to ARBF matters	6	6.5	-	-
Other		1.0	4.6	(78)
Net other income		**8.2**	**115.8**	**(93)**

[1] Comparative figures have been restated. For further information see note 28.1.

The line item 'interest expenses' includes negative interest on cash and cash equivalents of CHF 1.0 million (2018: CHF 1.2 million), finance charges on discounted liabilities of CHF 17.9 million (2018: CHF 32.3 million), thereof CHF 15.5 million (2018: CHF 26.6 million) on the discounted financial liability for performance fees attributable to external interests and CHF 2.4 million (2018: CHF 5.7 million) on discounted liabilities relating to the deferred consideration elements of acquisitions previously made (see note 6 for further information), and CHF 1.5 million for the unwinding of the discount effect on lease liabilities (see note 29.2 for further information on the adoption of IFRS 16 Leases).

In 2018, 'other' included CHF 1.9 million of rent income and fund-related fees and service charges of CHF 1.5 million.

Sale of precious metal funds

As announced on 30 July 2019, the Group entered into an agreement with Zürcher Kantonalbank (ZKB) to sell its precious metal funds with assets under management of CHF 1.9 billion as at 30 June 2019. The fair value of the total consideration amounted to CHF 14.0 million and was fully paid in cash at completion. The Group recognised a gain equivalent to the cash consideration.

3. Personnel expenses

	Note	2019 CHF m	2018 CHF m	Change in %
Salaries and bonuses		144.0	196.8	(27)
Social security expenses		15.6	19.4	(20)
Defined benefit pension plan expenses	16.2	10.7	5.4	98
Defined contribution pension plan expenses	16.1	7.3	8.9	(18)
Share-based payment expenses	22	12.3	15.5	(21)
Other personnel expenses		8.3	9.1	(9)
Personnel expenses		**198.2**	**255.1**	**(22)**

In respect of the Group's restructuring, no expenses were included in salaries and bonuses (2018: CHF 17.7 million) and in social security expenses (2018: CHF 2.4 million). In addition, in respect of the restructuring, CHF 2.1 million share-based payment expenses were credited to equity due to accelerated vesting and CHF 0.2 million employee benefit plan expenses for fund units granted were credited to accrued expenses in 2018. These items result in no restructuring expense for personnel expenses (2018: 22.4 million). For further information regarding restructuring see notes 6 and 15.

In early March 2020, as in the prior year, the Group will grant to certain employees fund units as a variable deferred element of their total compensation for 2019. These fund units will vest and be delivered 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. The investment in these fund units (plan assets), net of the present value of the plan obligations which is built up over the vesting period, is presented in the balance sheet line item 'employee benefit asset'.

The related expense is recognised over the relevant vesting period in the line item 'salaries and bonuses'. Other elements of the deferred bonuses are granted in form of share-based payments (for further information see note 22).

4. General expenses

	2019 CHF m	2018 CHF m	Change in %
Occupancy	7.4	27.5	(73)
Technology and communication	19.1	17.7	8
Data and research	20.7	23.4	(12)
Professional and consulting services	23.5	38.4	(39)
Marketing and travel	13.9	17.7	(21)
Administration	7.0	9.5	(26)
Other general expenses	16.2	26.0	(38)
General expenses	**107.8**	**160.2**	**(33)**

The reduction in occupancy mainly relates to the adoption of IFRS 16 Leases (see note 29.2 for further information). Administration expenses represent outsourcing fees paid to the external service provider for back office and middle office functions.

The line item 'professional and consulting services' includes CHF 1.5 million (2018: CHF 12.6 million) of costs incurred in relation to ARBF matters (see note 6) and none (2018: CHF 0.4 million) in respect of the restructuring (see note 15).

'Other general expenses' include irrecoverable taxes of CHF 5.6 million (2018: CHF 9.5 million), client and fund reimbursements of CHF 0.6 million (2018: CHF 7.6 million) as well as CHF 4.1 million (2018: CHF 3.9 million) for regulatory fees, insurance premiums and fund-related expenses.

5. Income tax expense/(credit)

5.1. Tax effects recognised in the income statement

	2019 CHF m	2018 CHF m restated [1]
Income tax expense/(credit) at the Swiss statutory tax rate of 21.15% (2018: 21.15%)	0.3	(194.8)
Impairment loss on goodwill	-	184.4
Tax rates differing from Swiss statutory rate	2.7	5.5
Non-taxable income	(3.0)	(27.9)
Write-down of deferred tax assets	-	4.6
Previously unrecorded tax losses now utilised	(0.5)	-
Current year losses for which no deferred tax asset is recognised	1.6	0.4
Prior year adjustments	(1.1)	(0.2)
Non-deductible expenses	3.9	23.7
Impact on deferred taxes from tax rate changes	1.1	-
Other effects	(0.3)	-
Income tax expense/(credit)	**4.7**	**(4.3)**

[1] Comparative figures have been restated. For further information see note 28.1.

In relation to the impairment loss on goodwill in 2018 (see note 13 for further information), GAM Holding AG recognised an impairment on investments in subsidiaries in its individual statutory financial statements, resulting in losses in those statutory financial statements (see the parent company's financial statements). No deferred tax asset has been recognised relating to this loss as GAM Holding AG's primary source of income, dividends received from subsidiaries, is generally not taxable and therefore it is not probable that future taxable profit will be available against which GAM Holding AG can utilise the loss.

The Group has accumulated unrecognised tax loss carry-forwards amounting to CHF 1,257.9 million (2018: CHF 689.0 million), of which CHF 1.1 million will expire within 1 year (2018: CHF 1.0 million), CHF 2.5 million between 2 to 5 years (2018: CHF 3.1 million), CHF 1,245.4 million between 6 to 10 years (2018: CHF 680.9 million) and CHF 7.7 million after ten years (2018: CHF 4.0 million), while the remainder amounting to CHF 1.2 million (2018: none) has no expiry date. The increase in unrecognised tax losses expiring between 6 to 10 years is mainly driven by the alignment of the tax value with the book value of the participation of GAM Holding AG in GAM Group AG, based on the current market capitalisation of the Group (recognition by the tax authority of previously not accredited impairment losses).

	2019 CHF m	2018 CHF m
Current income tax expense	4.1	18.6
Deferred income tax expense/(credit)	0.6	(22.9)
Income tax expense/(credit)	**4.7**	**(4.3)**

The deferred income tax expense of CHF 0.6 million (2018: credit of CHF 22.9 million) includes expenses relating to tax rate changes of CHF 1.1 million (2018: none) and a credit of CHF 0.5 million (2018: 27.5 million) relating to the origination and reversal of temporary differences. In 2018, it further included a write-down of tax assets of CHF 4.6 million.

5.2. Tax effects recognised in other comprehensive income

For further information refer to the consolidated statement of comprehensive income.

5.3. Tax effects recognised directly in equity

In 2019, tax effects on share-based payments resulted in a credit to equity of CHF 0.3 million (2018: debit of CHF 1.0 million). With share-based payment expenses of CHF 12.3 million (2018: CHF 15.5 million) and these tax effects, CHF 12.6 million (2018: CHF 14.5 million) is included in the respective line item within equity as shown in the consolidated statement of changes in equity.

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

	2019 IFRS CHF m	2019 Reconciling items CHF m	2019 Underlying CHF m	2018 IFRS CHF m restated [1]	2018 Reconciling items CHF m restated [1]	2018 Underlying CHF m
Net management fees and commissions	317.1	-	317.1	495.4	-	495.4
Net performance fees	18.5	(5.7)	12.8	4.8	(0.3)	4.5
Net fee and commission income	**335.6**	**(5.7)**	**329.9**	**500.2**	**(0.3)**	**499.9**
Net other income	8.2	(11.9)	(3.7)	115.8	(115.5)	0.3
Income	**343.8**	**(17.6)**	**326.2**	**616.0**	**(115.8)**	**500.2**
Personnel expenses	198.2	(1.2)	197.0	255.1	(15.5)	239.6
General expenses	107.8	(8.2)	99.6	160.2	(32.5)	127.7
Depreciation and amortisation	28.8	(9.7)	19.1	40.5	(34.3)	6.2
Impairment losses	7.8	(7.8)	-	1,081.3	(1,081.3)	-
Expenses	**342.6**	**(26.9)**	**315.7**	**1,537.1**	**(1,163.6)**	**373.5**
Profit/(loss) before taxes	**1.2**	**9.3**	**10.5**	**(921.1)**	**1,047.8**	**126.7**
Income tax expense/(credit)	4.7	0.9	5.6	(4.3)	32.8	28.5
Net profit/(loss)	**(3.5)**	**8.4**	**4.9**	**(916.8)**	**1,015.0**	**98.2**
Loss per share						
Basic loss per share (CHF)	(0.02)		0.03	(5.90)		0.63
Diluted loss per share (CHF)	(0.02)		0.03	(5.90)		0.63

[1] Comparative figures have been restated. For further information see note 28.1.

Reconciling items

	Note	2019 Acquisition-related items CHF m	2019 Non-recurring items CHF m	2019 Total reconciling items CHF m	2018 Acquisition-related items CHF m restated [1]	2018 Non-recurring items CHF m restated [1]	2018 Total reconciling items CHF m restated [1]
Performance fees attributed to external interests		(5.7)	-	(5.7)	(0.3)	-	(0.3)
Net fee and commission income		**(5.7)**	**-**	**(5.7)**	**(0.3)**	**-**	**(0.3)**
Adjustments to deferred consideration liabilities	2	(4.6)	-	(4.6)	(46.5)	-	(46.5)
Foreign exchange losses on deferred consideration liabilities		(0.4)	-	(0.4)	(0.7)	-	(0.7)
Adjustment to financial liability for performance fees attributable to external interests	2	(4.2)	-	(4.2)	(99.7)	-	(99.7)
Finance charges on discounted liabilities	2	17.9	-	17.9	32.3	-	32.3
Gain on sale of precious metal funds	2	-	(14.0)	(14.0)	-	-	-
Income from insurance recovery relating to ARBF matters	2	-	(6.5)	(6.5)	-	-	-
Other income		-	(0.1)	(0.1)	-	(0.9)	(0.9)
Net other income		**8.7**	**(20.6)**	**(11.9)**	**(114.6)**	**(0.9)**	**(115.5)**
Adjustments to deferred consideration liabilities		0.2	-	0.2	1.7	-	1.7
Reorganisation charge	15	-	(0.1)	(0.1)	-	(22.4)	(22.4)
Pension plan curtailment and amendments	16	-	(1.3)	(1.3)	-	5.3	5.3
Other expenses		-	-	-	-	(0.1)	(0.1)
Personnel expenses		**0.2**	**(1.4)**	**(1.2)**	**1.7**	**(17.2)**	**(15.5)**
Reorganisation charge		-	0.2	0.2	-	(14.6)	(14.6)
Costs relating to ARBF matters		-	(1.5)	(1.5)	-	(12.6)	(12.6)
Other expenses		-	(6.9)	(6.9)	-	(5.3)	(5.3)
General expenses		**-**	**(8.2)**	**(8.2)**	**-**	**(32.5)**	**(32.5)**
Amortisation of investment management and client contracts		(9.7)	-	(9.7)	(34.3)	-	(34.3)
Depreciation and amortisation	13	**(9.7)**	**-**	**(9.7)**	**(34.3)**	**-**	**(34.3)**
Impairment loss on goodwill	13	-	-	-	-	(872.0)	(872.0)
Impairment loss on investment management and client contracts	13	-	(7.8)	(7.8)	-	(209.3)	(209.3)
Impairment losses		**-**	**(7.8)**	**(7.8)**	**-**	**(1,081.3)**	**(1,081.3)**
Total reconciling items before taxes		**12.5**	**(3.2)**	**9.3**	**(82.3)**	**1,130.1**	**1,047.8**
Write-down of deferred tax assets	5/12	-	(0.7)	(0.7)	-	(4.6)	(4.6)
Income tax credit		1.3	0.3	1.6	4.8	32.6	37.4
Total reconciling items after taxes		**11.2**	**(2.8)**	**8.4**	**(87.1)**	**1,102.1**	**1,015.0**

[1] Comparative figures have been restated. For further information see note 28.1.

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 profit before and after taxes 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. This enables better comparison of business performance across periods.

According to its policy, the Group distinguishes between 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

2019

Performance fees attributed to external interests

The Group has a contractual obligation, through the agreement to acquire Cantab, to pay 40% of performance fees received by Cantab to employees (in the first six years and capped at USD 50 million as determined by previous partners) and previous partners thereafter indefinitely. The performance fees payable in relation to Cantab amount to CHF 5.7 million.

Adjustment to financial liability for performance fees attributable to external interests

The remeasurement of the financial liability for performance fees attributable to external interests resulted in a gain of CHF 4.2 million (see above).

Adjustments to deferred consideration liabilities and related foreign exchange impacts

The Group acquired GAM Lugano, the Singleterry Mansley business, the Renshaw Bay real estate debt business as well as the investment management businesses of Taube Hodson Stonex (THS) and Cantab Capital Partners (Cantab), all with a deferred consideration element. In 2019, the consideration payable, compared with that recognised at acquisition or in subsequent periods, was reduced by CHF 4.8 million. Thereof, CHF 4.6 million was recognised as income in the line item ‘net other income’ and CHF 0.2 million as a credit in the line item ‘personnel expenses’. In addition, a net of hedging gain of CHF 0.4 million was recognised as a credit in the line item ‘net foreign exchange losses’ included within ‘net other income’.

Finance charges on discounted liabilities

The CHF 17.9 million include finance charges of CHF 15.5 million on the discounted financial liability for performance fees attributable to external interests and CHF 2.4 million on discounted liabilities relating to the deferred consideration elements of the acquisitions of the investment management businesses of Cantab and THS.

Amortisation of investment management and client contracts

The CHF 9.7 million amortisation of investment management and client contracts relates to the acquisitions of the Singleterry Mansley business, the Renshaw Bay real estate business as well as the investment management businesses of THS and Cantab.

2018

Performance fees attributed to external interests

The Group has a contractual obligation, through the agreement to acquire Cantab, to pay 40% of performance fees received by Cantab to employees (in the first six years and capped at USD 50 million as determined by previous partners) and previous partners thereafter indefinitely. The performance fees payable in relation to Cantab amount to CHF 0.3 million.

Adjustment to financial liability for performance fees attributable to external interests

The remeasurement of the financial liability for performance fees attributable to external interests resulted in a gain of CHF 99.7 million (see above).

Adjustments to deferred consideration liabilities and related foreign exchange impacts

The Group acquired GAM Lugano, the Singleterry Mansley business, the Renshaw Bay real estate debt business as well as the investment management businesses of Taube Hodson Stonex (THS) and Cantab Capital Partners (Cantab), all with a deferred consideration element. In 2018, the consideration payable, compared with that recognised at acquisition or in subsequent periods, was reduced by CHF 48.2 million. Thereof, CHF 46.5 million was recognised as income in the line item ‘net other income’ and CHF 1.7 million as a credit in the line item ‘personnel expenses’. In addition, a net of hedging gain of CHF 0.7 million was recognised as a credit in the line item ‘net foreign exchange losses’ included within ‘net other income’.

Finance charges on discounted liabilities

The CHF 32.3 million include finance charges of CHF 26.6 million on the discounted financial liability for performance fees attributable to external interests and 5.7 million on discounted liabilities relating to the deferred consideration elements of the acquisitions of GAM Lugano, the Singleterry Mansley business as well as the investment management businesses of THS and Cantab.

Amortisation of investment management and client contracts

The CHF 34.3 million amortisation of investment management and client contracts relates to the acquisitions of the Singleterry Mansley business, the Renshaw Bay real estate business as well as the investment management businesses of THS and Cantab.

Non-recurring items

2019

Gain on sale of precious metal funds

As a result of the sale of the precious metal funds, a gain of CHF 14.0 million was recognised equivalent to the fair value of the total consideration, which was fully paid in cash. For further information see note 2.

Income from insurance recovery relating to ARBF matters

The Group can recover certain costs incurred in connection with events and circumstances leading to the suspension and subsequent dismissal of the investment director and business unit head for the unconstrained/absolute return bond fund (ARBF) strategy from insurers. An insurance recovery amount of CHF 6.5 million was recognised in 2019.

Costs relating to ARBF matters

In connection with events and circumstances leading to the suspension and subsequent dismissal of the investment director and business unit head for the unconstrained/absolute return bond fund (ARBF) strategy, and the subsequent liquidation of the ARBF strategy related funds and mandates, various costs were incurred, mainly reflecting legal fees and other professional fees.

Reorganisation charge

The net credit of CHF 0.1 million in respect of the Group's implementation of its strategic initiatives includes a charge of CHF 0.5 million in connection with costs recognised in the line items 'general expenses' and 'personnel expenses' relating to the Group's London office move and IT infrastructure outsourcing as well as a credit of CHF 0.6 million in connection with the release of a provision relating to onerous contracts for the Group's London office move recognised in the line item 'general expenses'.

Pension plan amendments

In 2019, a one-off loss of CHF 1.3 million was recognised in the income statement due to the closure of the defined benefit section of the UK pension scheme to active members (see note 16 for further details).

Impairment loss on investment management and client contracts

The CHF 7.8 million impairment losses (before taxes, CHF 5.7 million net of taxes) on investment management and client contracts relate to the acquisition of the investment management businesses of Cantab (CHF 7.1 million) and THS (CHF 0.7 million). For further information see note 13.

Other expenses

Other expenses include certain costs which have been combined in one line item considering consistency. These expenses mainly include costs relating to legal and regulatory risks (see notes 15 and 23.2 for further information).

2018

Reorganisation charge

The charge of CHF 37.0 million in respect of the Group's implementation of its strategic initiatives includes restructuring costs of CHF 22.4 million associated with redundancies in connection with the comprehensive restructuring programme announced in December 2018 recognised in the line item 'personnel expenses' (for further information see note 3) as well as CHF 14.6 million in connection with costs recognised in the line item 'general expenses' relating to the Group's London office move, IT infrastructure outsourcing, restructuring-related professional costs and the liquidation of Group legal entities.

Pension plan curtailment and amendments
The planned reduction in the number of employees in Switzerland in connection with the measures taken under the restructuring programme announced in December 2018 qualifies as a curtailment to the Swiss defined benefit pension plan resulting in a non-cash gain of CHF 4.7 million.

In addition, pension plan amendments in the UK defined benefit pension scheme resulted in a non-cash net gain of CHF 0.6 million (see note 16 for further details).

Costs relating to ARBF matters
In connection with events and circumstances leading to the suspension and subsequent dismissal of the investment director and business unit head for the unconstrained/absolute return bond fund (ARBF) strategy, and the subsequent liquidation of the ARBF strategy related funds and mandates, various costs were incurred, mainly reflecting legal fees and other professional fees.

Impairment loss on investment management and client contracts
The CHF 209.3 million impairment loss (before taxes, CHF 183.7 million net of taxes) on investment management and client contracts relates to the acquisitions of the investment management businesses of Cantab (CHF 208.8 million) and THS (CHF 0.5 million). For further information see note 13.

Impairment loss on goodwill
For further information on the CHF 872.0 million impairment loss on goodwill see note 13.

Write-down of deferred tax assets
The write-down relates to deferred tax assets on previously recognised temporary differences and tax losses.

Other income and expenses
Other income and expenses include certain items which have been combined in one line item considering materiality.

7. Earnings per share and shares outstanding

7.1. Earnings per share

	2019	2018 restated [1]
Basic loss per share		
Net loss attributable to the shareholders of the Company (CHF m)	(3.5)	(916.8)
Weighted average number of shares outstanding (millions)	155.5	155.4
Basic loss per share (CHF)	**(0.02)**	**(5.90)**
Diluted loss per share		
Net loss attributable to the shareholders of the Company for diluted EPS (CHF m)	(3.5)	(916.8)
Weighted average number of shares outstanding (millions)	155.5	155.4
Dilution effect (millions)	-	-
Weighted average number of shares outstanding for diluted EPS (millions)	155.5	155.4
Diluted loss per share (CHF)	**(0.02)**	**(5.90)**

[1] Comparative figures have been restated. For further information see note 28.1.

At 31 December 2019, 1.5 million potential shares were excluded from the weighted average number of shares outstanding for diluted EPS calculation as their effect would have been anti-dilutive due to the net loss recognised in 2019 (31 December 2018: 1.2 million potential shares were excluded).

7.2. Shares outstanding

	Note	2019	2018
Shares issued at the beginning of the year		159,682,531	159,682,531
Shares issued at the end of the year	17	**159,682,531**	**159,682,531**
Treasury shares – share-based payment plans	17	(4,081,341)	(4,627,353)
Shares outstanding at the end of the year		**155,601,190**	**155,055,178**

NOTES TO THE CONSOLIDATED BALANCE SHEET

8. Cash and cash equivalents

	31.12.2019 CHF m	31.12.2018 CHF m	Change in %
Cash at bank	286.8	311.9	(8)
Short-term deposits	29.0	16.3	78
Cash and cash equivalents	**315.8**	**328.2**	**(4)**

Cash and cash equivalents of CHF 0.9 million (2018: CHF 0.2 million) are held by the GAM Employee Benefit Trust (EBT) that are not available for use by the Group (for further information on the EBT see note 17).

9. Accrued income and prepaid expenses

	31.12.2019 CHF m	31.12.2018 CHF m	Change in %
Accrued fee and commission income	86.8	82.3	5
Prepaid expenses	9.2	11.1	(17)
Accrued other income	6.6	1.3	408
Accrued income and prepaid expenses	**102.6**	**94.7**	**8**

10. Financial instruments

10.1. Financial investments and other financial assets

	Note	31.12.2019 CHF m	31.12.2018 CHF m	Change in %
Seed capital and product management investments at fair value through profit or loss		18.2	25.0	(27)
Derivative financial instruments	10.3	0.4	2.6	(85)
Other financial assets		6.6	8.6	(23)
Financial investments and other financial assets		**25.2**	**36.2**	**(30)**
Current		20.3	30.6	(34)
Non-current		4.9	5.6	(13)
Financial investments and other financial assets		**25.2**	**36.2**	**(30)**

10.2. Other and non-current financial liabilities

	Note	31.12.2019 CHF m	31.12.2018 CHF m restated [1]	Change in %
Derivative financial instruments	10.3	1.1	0.4	175
Financial liabilities at fair value through profit or loss		21.3	41.8	(49)
Lease liability	29.2	70.5	-	-
Financial liabilities measured at amortised cost		41.3	32.7	26
Other and non-current financial liabilities		**134.2**	**74.9**	**79**
Current		26.9	18.3	47
Non-current		107.3	56.6	90
Other and non-current financial liabilities		**134.2**	**74.9**	**79**

[1] Comparative figures have been restated. For further information see note 28.1.

10.3. Derivative financial instruments

	Contract/ notional amount CHF m	Positive replacement value CHF m	31.12.2019 Negative replacement value CHF m
Foreign exchange derivative financial instruments	66.1	0.4	0.1
Other derivative financial instruments (index futures/swaps)	10.2	-	1.0
Derivative financial instruments held for trading	**76.3**	**0.4**	**1.1**

	Contract/ notional amount CHF m	Positive replacement value CHF m	31.12.2018 Negative replacement value CHF m
Foreign exchange derivative financial instruments	118.8	0.3	0.4
Other derivative financial instruments (index futures/swaps)	26.7	2.3	-
Derivative financial instruments held for trading	**145.5**	**2.6**	**0.4**

In 2019 and 2018, there were no derivative financial instruments designated as hedging instruments.

10.4. Financial instruments by category

	Note	31.12.2019 Carrying amount CHF m	31.12.2018 Carrying amount CHF m restated [1]
Cash and cash equivalents	8	315.8	328.2
Trade and other receivables (excluding tax receivables)		16.8	34.0
Accrued income		93.4	83.6
Other financial assets		2.5	1.4
Financial assets measured at amortised cost		**428.5**	**447.2**
Financial assets mandatorily at fair value through profit or loss		50.5	75.0
Derivative financial instruments held for trading	10.3	0.4	2.6
Financial assets measured at fair value		**50.9**	**77.6**
Financial assets		**479.4**	**524.8**
Trade and other payables		16.2	32.8
Accrued expenses		200.0	219.5
Lease liability		70.5	-
Other financial liabilities		41.3	32.7
Financial liabilities measured at amortised cost		**328.0**	**285.0**
Derivative financial instruments held for trading	10.3	1.1	0.4
Financial liabilities at fair value through profit or loss		23.7	43.7
Financial liabilities measured at fair value		**24.8**	**44.1**
Financial liabilities		**352.8**	**329.1**

[1] Comparative figures have been restated. For further information see note 28.1.

The Group has not disclosed the fair values for cash and cash equivalents, accrued income and expenses, trade and other receivables and payables, other financial assets and other financial liabilities as their carrying amounts are a reasonable approximation of fair values. Regarding the level in the fair value hierarchy for financial assets and liabilities measured at fair value see note 10.5.

Financial liabilities measured at amortised cost include the financial liability for uncrystallised performance fees of Cantab attributable to external interests which represents the contractual obligation to pay future performance fees (see note 28.1 for further information) and is estimated to amount to CHF 35.3 million as at 31 December 2019 (31 December 2018: CHF 27.9 million and 1 January 2018: CHF 105.0 million). This financial liability is measured at the present value of expected performance fee payments, determined by considering the forecasted performance fee revenue, using a risk-adjusted effective interest rate of 25%.

The categories 'financial assets mandatorily 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 solely contain the controlled funds' direct investments in the amount of CHF 28.2 million (31 December 2018: CHF 42.9 million), representing investments into financial instruments. See note 11 for more information.

10.5. 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, where 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, ie:
- 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 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.

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	31.12.2019 **Total** CHF m
Derivative financial instruments	-	0.4	-	**0.4**
Seed capital and product management investments at fair value through profit or loss	23.1	21.3	2.0	**46.4**
Other financial assets at fair value through profit or loss	-	4.0	0.1	**4.1**
Financial assets measured at fair value	**23.1**	**25.7**	**2.1**	**50.9**
Derivative financial instruments	-	1.1	-	**1.1**
Financial liabilities at fair value through profit or loss	2.4	3.0	18.3	**23.7**
Financial liabilities measured at fair value	**2.4**	**4.1**	**18.3**	**24.8**

	Level 1 CHF m	Level 2 CHF m	Level 3 CHF m	31.12.2018 **Total** CHF m restated [1]
Derivative financial instruments	-	2.6	-	**2.6**
Seed capital and product management investments at fair value through profit or loss	55.8	12.1	-	**67.9**
Other financial assets at fair value through profit or loss	-	7.0	0.1	**7.1**
Financial assets measured at fair value	**55.8**	**21.7**	**0.1**	**77.6**
Derivative financial instruments	-	0.4	-	**0.4**
Financial liabilities at fair value through profit or loss	1.8	5.1	36.8	**43.7**
Financial liabilities measured at fair value	**1.8**	**5.5**	**36.8**	**44.1**

[1] Comparative figures have been restated. For further information see note 28.1.

The categories 'seed capital and product management investments 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' which solely contain the controlled funds' direct investments and 'liabilities held for sale' which contain the direct liabilities of those controlled funds. See notes 10.4 and 11 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 31 December 2019, financial assets in the amount of CHF 0.6 million were transferred from level 2 in prior year to level 3 due to less regularly occurring market transactions meaning that those markets no longer met the definition of an active market. On 31 December 2018, compared to prior year, financial assets in the amount of CHF 0.9 million were transferred from level 1 to level 2 due to less regularly occurring market transactions meaning that those markets no longer met the definition of an active market.

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

	Financial assets at fair value through profit or loss CHF m	Financial liabilities at fair value through profit or loss CHF m
Balance at 1 January 2018	0.4	82.8
Disposals/settlements	(0.1)	(5.0)
Total gains/losses in profit or loss	(0.2)	(38.4)
Translation differences	-	(2.6)
Balance at 31 December 2018	**0.1**	**36.8**
Additions	1.6	-
Disposals/settlements	(0.1)	(15.9)
Reclassification from level 2	0.6	-
Total gains/losses in profit or loss	(0.1)	(3.6)
Translation differences	-	1.0
Balance at 31 December 2019	**2.1**	**18.3**

Level 3 financial liabilities at fair value through profit or loss represent deferred consideration liabilities relating to previous acquisitions. These are measured based on their contractual terms and expected future business performance.

In 2019, net gains of CHF 3.5 million (2018: net gains of CHF 38.2 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' and 'personnel expenses'. For further information on the financial liabilities see note 6 regarding adjustments to the deferred consideration liabilities.

Sensitivity of fair value measurements of financial assets

As in the prior year, no reasonably possible change in the inputs used in determining the fair value of level 3 financial assets would cause a significant change in the fair value of these financial assets.

Sensitivity of fair value measurements of financial liabilities

Level 3 financial liabilities, representing the deferred consideration liabilities from acquisitions made by the Group, are impacted by reasonable possible changes to the inputs used in determining their fair value, predominantly the deferred consideration liability from the acquisition of Cantab which is estimated to amount to CHF 16.8 million as at 31 December 2019 (31 December 2018: CHF 33.1 million).

The recognised deferred consideration regarding the acquisition of Cantab is based on net management fee revenue from the strategies managed by the Cantab investment team for 2019 and 2020, payable after each period end. The deferred consideration liability represents the present value of expected payments, determined by considering the forecasted net management fee revenue, discounted using a risk-adjusted discount rate. The significant unobservable input is the forecasted revenue from net management fees for 2020.

The estimated fair value would increase / (decrease) if the forecasted revenue from net management fees for 2020 were higher / (lower). An increase / (decrease) of 10% would result in the estimated fair value being higher / (lower) by CHF 1 million / (CHF 1 million).

11. Assets and liabilities held for sale

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 the Group's 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'. The balance sheet line item 'assets held for sale' consists solely of the controlled funds' direct investments in financial instruments and the balance sheet line item 'liabilities held for sale' consists of the direct liabilities of those controlled funds under the Group's control.

	31.12.2019 CHF m	31.12.2018 CHF m
Assets held for sale	28.2	42.9
Liabilities held for sale	2.4	1.9

12. Deferred tax assets and liabilities

12.1. Deferred tax assets

	2019 CHF m	2018 CHF m
Balance at the beginning of the year	37.1	52.3
Recognised in profit or loss	(4.0)	(7.3)
Recognised directly in equity	0.1	(1.0)
Recognised in other comprehensive income	2.5	(6.5)
Translation differences	0.3	(0.4)
Balance at the end of the year	**36.0**	**37.1**
Components of deferred tax assets		
Tax loss carry-forwards	17.6	22.3
Pension liabilities	14.7	12.5
Share-based payments	2.8	0.9
Property and equipment	0.2	0.5
Other	0.7	0.9
Deferred tax assets at the end of the year	**36.0**	**37.1**

Tax loss carry-forwards mainly relate to the simplification of the Group's operating legal entity structure in Switzerland.

Tax effects recognised in profit or loss

In 2018, tax effects recognised in profit or loss include the write-down of deferred tax assets of CHF 4.6 million on previously recognised temporary differences and tax losses (see note 5).

Tax effects recognised in other comprehensive income

In 2019, an income tax credit relating to remeasurements of pension liabilities resulted in a credit to other comprehensive income of CHF 3.4 million (2018: debit of CHF 1.5 million) as shown in the respective line item in the consolidated statement of comprehensive income. These tax effects on pension liabilities include CHF 2.5 million (2018: credit of CHF 6.5 million) debited to deferred tax assets and CHF 0.9 million (2018: debit of CHF 5.0 million) debited to current tax liabilities.

12.2. Deferred tax liabilities

	2019 CHF m	2018 CHF m
Balance at the beginning of the year	6.3	37.7
Recognised in profit or loss	(3.4)	(30.2)
Translation differences	0.1	(1.2)
Balance at the end of the year	**3.0**	**6.3**
Components of deferred tax liabilities		
Intangible assets	2.9	6.2
Property and equipment	0.1	0.1
Deferred tax liabilities at the end of the year	**3.0**	**6.3**

13. Property and equipment, goodwill and other intangible assets

	Property and equipment CHF m	Goodwill CHF m restated [1]	Investment management and client contracts CHF m restated [1]	Brand CHF m	Software CHF m	Goodwill and other intangible assets CHF m restated [1]
Historical cost						
Balance at 1 January 2018 [1]	**64.1**	2,030.0	1,365.8	273.0	47.6	**3,716.4**
Additions	**15.5**	-	-	-	8.2	**8.2**
Remeasurement of reinstatement provisions	**3.7**	-	-	-	-	**-**
Disposals	**(0.1)**	-	-	-	(8.6)	**(8.6)**
Translation differences [1]	**(1.5)**	(8.4)	(17.3)	-	(1.4)	**(27.1)**
Balance at 31 December 2018 [1]	**81.7**	**2,021.6**	**1,348.5**	**273.0**	**45.8**	**3,688.9**
Impact of initial application of IFRS 16 - Leases	**73.0**	-	-	-	-	**-**
Additions	**5.1**	-	-	-	4.5	**4.5**
Disposals	**(10.0)**	-	-	-	(15.6)	**(15.6)**
Translation differences	**0.5**	3.6	7.5	-	0.7	**11.8**
Balance at 31 December 2019	**150.3**	**2,025.2**	**1,356.0**	**273.0**	**35.4**	**3,689.6**
Accumulated depreciation, amortisation and impairment losses						
Balance at 1 January 2018 [1]	**55.3**	764.4	1,061.5	-	38.3	**1,864.2**
Additions [1]	**3.6**	-	34.3	-	2.6	**36.9**
Disposals	**(0.1)**	-	-	-	(8.6)	**(8.6)**
Impairment losses	**-**	872.0	209.3	-	-	**1,081.3**
Translation differences [1]	**(1.2)**	-	(8.7)	-	(0.7)	**(9.4)**
Balance at 31 December 2018 [1]	**57.6**	**1,636.4**	**1,296.4**	**-**	**31.6**	**2,964.4**
Additions	**15.8**	-	9.7	-	3.3	**13.0**
Disposals	**(10.0)**	-	-	-	(15.6)	**(15.6)**
Impairment losses [1]	**-**	-	7.8	-	-	**7.8**
Translation differences	**0.1**	-	6.5	-	0.4	**6.9**
Balance at 31 December 2019	**63.5**	**1,636.4**	**1,320.4**	**-**	**19.7**	**2,976.5**
Carrying amounts						
Historical cost	**81.7**	2,021.6	1,348.5	273.0	45.8	**3,688.9**
Accumulated depreciation, amortisation and impairment losses	**57.6**	1,636.4	1,296.4	-	31.6	**2,964.4**
Balance at 31 December 2018 [1]	**24.1**	**385.2**	**52.1**	**273.0**	**14.2**	**724.5**
Historical cost	**150.3**	2,025.2	1,356.0	273.0	35.4	**3,689.6**
Accumulated depreciation, amortisation and impairment losses	**63.5**	1,636.4	1,320.4	-	19.7	**2,976.5**
Balance at 31 December 2019	**86.8**	**388.8**	**35.6**	**273.0**	**15.7**	**713.1**

[1] Comparative figures have been restated. For further information see note 28.1.

Disposals include derecognition of fully depreciated and amortised assets.

Regarding impact of initial application of IFRS 16 – Leases see note 29.2.

Leases
As at 31 December 2019, the line item ‘property and equipment’ includes right-of-use assets under leases with a carrying amount of CHF 66.7 million, mainly for real estate leases (see note 29.2 for further information on the new lease standard and the impact of the initial application of IFRS 16).

Additions to right-of-use assets during the year amounted to CHF 0.7 million. In 2019, a depreciation charge of CHF 10.9 million for the right-of-use assets was recognised in the income statement. An expense relating to leases of low-value assets of CHF 0.3 million and an expense relating to short-term leases of CHF 2.0 million was recognised in 2019. Total cash outflows for leases amounted to CHF 10.4 million in 2019. For a maturity analysis of undiscounted payments of lease liabilities payable and sublease payments receivable after the reporting date see note 19.3.

The Group recognised a sublease receivable in the amount of CHF 0.9 million for which the short-term portion is presented in the line item ‘trade and other receivables’ and the long-term portion in the line item ‘financial investments and other financial assets’. The Group recognised interest income on the sublease receivable of less than CHF 0.1 million.

Some real estate leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

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 various investment management activities. The brand 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 unit (i.e. for the smallest identifiable group of assets that generate cash inflows independently from other assets).

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
- performance fees
- income and expenses
- expected tax rate

Other 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 conditions and the current and expected future relative market position of its products vis-à-vis its respective competitors and its industry.

The resulting free cash flows are discounted to their present value, using a pre-tax discount rate of 13.5% (2018: 10.4%) based on the risk-free rate obtained from the yield on 30-year bonds issued by the governments in the relevant markets and in the same currency as the expected 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 1.5% (2018: 1.5%) terminal growth rate, which is in line with the expected long-term growth rate of the gross domestic products for markets relevant to the Group.

Based on the impairment test performed, considering the assumptions above, there was no impairment loss in 2019.

2018
As a consequence of the events and circumstances leading to the suspension of the investment director and business unit head for the ARBF strategy and the subsequent liquidation of the ARBF strategy related funds and mandates, the forecasted assets under management and profitability levels were significantly lower compared to previous forecasts. The resulting recoverable amount from the impairment test performed for the cash-generating unit, which includes goodwill and brand, amounted to CHF 872.5 million and was significantly lower than the carrying value as at 30 November 2018.

Based on the impairment test performed, considering the assumptions above, an impairment loss of CHF 872.0 million (restated, see note 28.1 for more information) was recognised in 2018.

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 its recoverable amount or may lead to a partial impairment of goodwill and the brand.

Investment management and client contracts
Investment management and client contracts are amortised over their estimated useful life not exceeding a period greater than ten years using the straight-line method. Investment management and client contracts acquired prior to 2014 are fully amortised.

Whenever there are indications that investment management and client contracts are impaired, the Group uses a discounted cash flow model based on future cash flows attributable to identified investment management and client contracts to determine the recoverable amount.

2019
Driven by lower than anticipated assets under management of the acquired Cantab business the actual and expected future cash flows were lower than previously assumed, which was considered an indication of impairment of the related investment management and client contracts. Therefore, an impairment test was performed using a discounted cash flow model based on estimated future cash flows attributable to identified investment management and client contracts acquired through the acquisition of Cantab to determine the recoverable amount, being CHF 33.0 million based on the value in use as at 31 December 2019. The estimated future cash flows were discounted to their present value, using an average pre-tax discount rate of 22.6%. As a result, an impairment loss of CHF 7.1 million was recognised in 2019.

As a result of the reduced assets under management of the acquired THS business, the forecasted cash flows significantly decreased in 2019 reflecting an indication of impairment of the related investment management and client contracts. Therefore, an impairment test was performed using a discounted cash flow model based on future cash flows attributable to identified investment management and client contracts relating to the acquisition of THS to determine the recoverable amount. As a result, an impairment loss of CHF 0.7 million was recognised in 2019.

2018
Driven by lower than anticipated net inflows and investment performance, the assets under management of the acquired Cantab business decreased in 2018. Consequently, the actual and expected future cash flows were lower than originally assumed at the time of acquisition in 2016, which was considered an indication of impairment of the related investment management and client contracts. Therefore, an impairment test was performed using a discounted cash flow model based on estimated future cash flows attributable to identified investment management and client contracts acquired through the acquisition of Cantab to

determine the recoverable amount, being CHF 50.1 million based on the value in use as at 30 November 2018. The estimated future cash flows were discounted to their present value, using an average pre-tax discount rate of 17.3%. As a result, an impairment loss of CHF 208.8 million (restated, see note 28.1 for more information) was recognised in 2018.

As a result of the loss of mandates and clients, the assets under management of the acquired THS business and related forecasted cash flows significantly decreased in 2018 reflecting an indication of impairment of related investment management and client contracts. Therefore, an impairment test was performed using a discounted cash flow model based on future cash flows attributable to identified investment management and client contracts relating to the acquisition of THS to determine the recoverable amount. As a result, an impairment loss of CHF 0.5 million was recognised in 2018.

14. Accrued expenses and deferred income

	31.12.2019 CHF m	31.12.2018 CHF m	Change in %
Accrued commission expenses	130.9	122.4	7
Other accrued expenses and deferred income	69.1	97.1	(29)
Accrued expenses and deferred income	**200.0**	**219.5**	**(9)**

15. Provisions

				2019
	Restructuring CHF m	Reinstatement of leasehold improvements CHF m	Other CHF m	**Total** CHF m
Balance at the beginning of the year	25.9	6.0	6.5	**38.4**
Recognised during the year	-	-	2.9	**2.9**
Utilised during the year	(15.7)	(2.0)	(8.1)	**(25.8)**
Reversed during the year	-	-	-	**-**
Translation differences	-	-	(0.1)	**(0.1)**
Balance at the end of the period	**10.2**	**4.0**	**1.2**	**15.4**
Current	10.2	-	1.2	**11.4**
Non-current	-	4.0	-	**4.0**
Balance at the end of the period	**10.2**	**4.0**	**1.2**	**15.4**

Restructuring

To reduce internal complexity and increase efficiency, the Group launched a comprehensive restructuring programme in December 2018. The implementation of this restructuring programme involves several actions, including consolidating investment teams, optimising the distribution footprint, streamlining operations and support functions, refining the corporate structure and re-prioritising projects as part of the Group's change programme to ensure efficiencies are achieved while continuing to enhance the control framework. These restructuring measures are anticipated to be substantially completed by the end of 2020.

The restructuring provision was recognised in profit or loss, net of the reversal of the previous restructuring provision, in the following expense line items and is included in the non-recurring reorganisation charge (see note 6):

	2019 CHF m	2018 CHF m
Salaries and bonuses	-	17.7
Social security expenses	-	2.4
Personnel expenses	**-**	**20.1**
General expenses	**-**	**0.4**
Restructuring expenses	**-**	**20.5**

Reinstatement of leasehold improvements

The Group leases a number of buildings and provides for the reinstatement costs of these based on the lease agreements. CHF 2.4 million of this provision is expected to be used in 2021, the remainder of this provision is anticipated not to be utilised until 2033.

Other provisions

Other provisions include a provision of CHF 1.0 million for various legal and regulatory risks. In 2018, other provisions included a provision of CHF 4.5 million for onerous contracts in relation to the London office move which has been fully settled in 2019.

16. Pension plans

16.1. 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 7.3 million during the 2019 financial year (2018: CHF 8.9 million).

16.2. 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 2015 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 5.44% (31 December 2018: 5.44%). 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 110% as at 31 December 2019 (31 December 2018: 103%) and thus it is not expected that additional contributions will be required in the next year.

UK Plan

GAM UK operates a trust based pension scheme with both a defined benefit section (DB section) and a defined contribution section (DC section). The Scheme closed to future accrual in both sections from 1 October 2019 and all future pension provision for the UK employees will be provided via a Group Self Invested Pension Plan. Prior to 1 October 2019, employees were generally accruing benefits in the DC section. The deferred benefits accruing in the UK pension scheme will provide benefits in the event of retirement or death.

The plan is funded by assets that are held in the form of a trust which are separate from the Group and governed by the trustees of the scheme. 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 deficit at the date of an actuarial valuation. The last such valuation was performed as at 31 March 2017 and was finalised in the first half of 2018. The next actuarial valuation will take place as at 31 March 2020. The trustees are responsible for the investment strategy of the assets held in the trust.

The DB section is fully funded by the employer with the DC section being primarily funded by the employer, but also providing matching of employee contributions. Until 1 October 2019, active members of the DB section built 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

	2019 CHF m	2018 CHF m
1. Movement in pension plan obligations and plan assets		
Present value of funded obligations at the beginning of the year	395.6	446.9
Current service cost	9.7	11.2
Past service cost recognised in the year (plan amendments)	1.3	(0.6)
Past service cost recognised in the year (gain on curtailment)	-	(4.7)
Interest expense on benefit obligation	7.8	7.6
Benefits paid	(38.5)	(25.4)
Actuarial losses/(gains)	61.6	(26.2)
Translation differences	6.1	(13.2)
Present value of funded obligations at the end of the year	**443.6**	**395.6**
Fair value of plan assets at the beginning of the year	323.6	337.2
Interest income on plan assets	6.2	5.5
Return on plan assets excluding interest income	40.7	(13.8)
Employer's contributions	18.0	26.9
Employees' contributions	3.0	3.4
Benefits paid	(38.5)	(25.4)
Administration expenses	(1.1)	(0.8)
Translation differences	4.5	(9.4)
Fair value of plan assets at the end of the year	**356.4**	**323.6**

	31.12.2019 CHF m	31.12.2018 CHF m
2. Balance sheet		
Fair value of plan assets	356.4	323.6
Present value of funded obligations	443.6	395.6
Pension liabilities	**(87.2)**	**(72.0)**
Deferred tax assets	14.7	12.5
Pension liabilities, net of taxes	**(72.5)**	**(59.5)**

	Switzerland CHF m	UK CHF m	Rest of the world CHF m	31.12.2019 Total CHF m
Balance sheet by geographical locations and components				
Fair value of plan assets	136.2	215.0	5.2	**356.4**
Present value of funded obligations	151.0	286.3	6.3	**443.6**
Pension liabilities	**(14.8)**	**(71.3)**	**(1.1)**	**(87.2)**
Deferred tax assets	2.6	12.1	-	**14.7**
Pension liabilities, net of taxes	**(12.2)**	**(59.2)**	**(1.1)**	**(72.5)**
Active members/employees	125.6	-	1.4	**127.0**
Deferred members with vested benefits	-	228.0	4.9	**232.9**
Pensioners	25.4	58.2	-	**83.6**
Present value of funded obligations	**151.0**	**286.3**	**6.3**	**443.6**

	Switzerland CHF m	UK CHF m	Rest of the world CHF m	31.12.2018 Total CHF m
Fair value of plan assets	143.6	175.0	5.0	**323.6**
Present value of funded obligations	155.0	234.8	5.8	**395.6**
Pension liabilities	**(11.4)**	**(59.8)**	**(0.8)**	**(72.0)**
Deferred tax assets	2.1	10.4	-	**12.5**
Pension liabilities, net of taxes	**(9.3)**	**(49.4)**	**(0.8)**	**(59.5)**
Active members/employees	136.4	11.2	1.3	**148.9**
Deferred members with vested benefits	-	170.8	4.5	**175.3**
Pensioners	18.6	52.8	-	**71.4**
Present value of funded obligations	**155.0**	**234.8**	**5.8**	**395.6**

The weighted average duration of the defined benefit pension obligation as at 31 December 2019 is 21.2 years (2018: 21.0 years).

	2019 CHF m	2018 CHF m
3. Amounts recognised in the income statement		
Current service cost	(9.7)	(11.2)
Past service cost recognised in the year (plan amendments)	(1.3)	0.6
Past service cost recognised in the year (gain on curtailment)	-	4.7
Interest expense on benefit obligation	(7.8)	(7.6)
Interest income on plan assets	6.2	5.5
Administration expenses	(1.1)	(0.8)
Net pension cost for the period	**(13.7)**	**(8.8)**
Employees' contributions	3.0	3.4
Expense recognised in the income statement	**(10.7)**	**(5.4)**

	2019 CHF m	2018 CHF m
4. Remeasurements recognised in other comprehensive income		
Actuarial gains based on adjustment of demographic assumptions	2.8	0.7
Actuarial (losses)/gains based on adjustment of financial assumptions	(61.3)	30.1
Experience adjustments	(3.1)	(4.6)
Return on plan assets excluding interest income	40.7	(13.8)
Remeasurements recognised in other comprehensive income	**(20.9)**	**12.4**

	2019 CHF m	2018 CHF m
5. Movement in pension liabilities		
Pension liabilities at the beginning of the year	(72.0)	(109.7)
Expense recognised in the income statement	(10.7)	(5.4)
Remeasurements recognised in other comprehensive income	(20.9)	12.4
Employer's contributions	18.0	26.9
Translation differences recognised in other comprehensive income	(1.6)	3.8
Pension liabilities at the end of the year	**(87.2)**	**(72.0)**

Actual return on plan assets	46.9	(8.3)

	Quoted in an active market CHF m	Unquoted CHF m	**Total** CHF m	31.12.2019 Plan asset allocation in %
6. Asset allocation				
Cash and cash equivalents	17.4	-	**17.4**	4.9
Investment funds				
– Equity	138.0	-	**138.0**	38.7
– Bonds	63.5	-	**63.5**	17.8
– Real estate	26.7	-	**26.7**	7.5
– Other	11.8	9.8	**21.6**	6.1
Other investments	89.2	-	**89.2**	25.0
Fair value of plan assets	**346.6**	**9.8**	**356.4**	**100.0**

	Quoted in an active market CHF m	Unquoted CHF m	**Total** CHF m	31.12.2018 Plan asset allocation in %
Cash and cash equivalents	13.7	-	**13.7**	4.2
Investment funds				
– Equity	131.5	-	**131.5**	40.6
– Bonds	51.0	-	**51.0**	15.8
– Real estate	27.6	-	**27.6**	8.5
– Other	17.3	10.6	**27.9**	8.6
Other investments	71.9	-	**71.9**	22.3
Fair value of plan assets	**313.0**	**10.6**	**323.6**	**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 2020 financial year are estimated at CHF 18.5 million.

Pension plan amendments

In 2019, due to the closure of the defined benefit section of the UK pension scheme to active members, a one-off loss of CHF 1.3 million was recognised in the income statement. These members will become deferred members following the closure.

In 2018, as a result of a pension increase exchange exercise carried out for pensioners of the UK defined benefit pension scheme, a one-off gain of CHF 1.1 million was recognised in the income statement. In addition, to provide for guaranteed minimum pensions equalisation between men and women CHF 0.5 million was recognised as an expense.

Curtailment to existing defined benefit pension plan

In 2018, the planned reduction in the number of employees in Switzerland in connection with the measures taken under the restructuring programme announced in December 2018 qualifies as a curtailment to the Swiss defined benefit pension plan resulting in a non-cash gain of CHF 4.7 million.

Actuarial calculation of funded obligations

The latest actuarial calculation was carried out as at 31 December 2019. The actuarial assumptions are based on local economic conditions.

	Switzerland		UK	
	2019	2018	**2019**	2018
Discount rate	0.30%	0.85%	2.12%	2.92%
Interest credit rate	0.30%	0.85%	n/a	n/a
Future pension increases in deferment	n/a	n/a	2.03%	1.91%
Future pension increases	0.00%	0.00%	3.15-4.20%	3.20-4.23%
Life expectancy for males at age 65 for Switzerland and age 60 for UK (in years)	22.6	22.5	27.8	28.0
Life expectancy for females at age 65 for Switzerland and age 60 for UK (in years)	24.6	24.5	28.8	29.0

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:

					31.12.2019
		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%	(5.9)	6.4	(17.0)	18.3
Interest credit rate (minimal interest credit rate: 0.21%)	0.25%	1.6	(0.6)	n/a	n/a
Future pension increases in deferment	0.25%	n/a	n/a	3.6	(3.5)
Future pension increases	0.25%	4.1	n/a	1.8	(1.7)
Life expectancy	1 year	2.8	(2.8)	13.3	(13.2)

					31.12.2018
		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%	(4.9)	5.3	(12.0)	12.9
Interest credit rate	0.25%	1.4	(1.4)	n/a	n/a
Future pension increases in deferment	0.25%	n/a	n/a	3.2	(3.1)
Future pension increases	0.25%	3.2	n/a	1.5	(1.4)
Life expectancy	1 year	2.2	(2.2)	9.7	(9.6)

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.

17. 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 2017	160,294,731	8.015
Capital reduction	(612,200)	(0.031)
Balance at 31 December 2017	**159,682,531**	**7.984**
Balance at 31 December 2018	**159,682,531**	**7.984**
Balance at 31 December 2019	**159,682,531**	**7.984**
of which treasury shares	4,081,341	

All registered shares are fully paid.

The share capital of the Company amounts to CHF 7,984,127 (159,682,531 registered shares at a par value of CHF 0.05 per share).

Authorised capital
At the Annual General Meeting held on 26 April 2018, the shareholders approved the renewal of authorised capital equal to 10% of GAM Holding AG's current share capital. The Board of Directors was given the authorisation to increase the share capital at any time until 26 April 2020 by issuing a maximum of 15,968,240 fully paid registered shares with a par value of CHF 0.05 each. Of these 15,968,240 registered shares, the Board is authorised to restrict or withdraw the pre-emptive rights of the existing shareholders with respect to a maximum of 7,984,120 registered shares and allocate such rights to third parties in certain circumstances.

Capital reserves
Capital reserves amounting to CHF 893.4 million 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 2.11 of the parent company's financial statements.

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 Group's reporting 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.

	2019		2018	
	Shares	CHF m	Shares	CHF m
Balance at 1 January	4,627,353	72.1	3,361,073	51.5
Acquisition of own shares	-	-	1,805,792	28.9
Disposals of own shares	(546,012)	(8.6)	(539,512)	(8.3)
Balance at 31 December	**4,081,341**	**63.5**	**4,627,353**	**72.1**

In 2018, the GAM Employee Benefit Trust (EBT) was established with the purpose to encourage, motivate and retain the Group's employees by providing benefits, through a trust, to such employees. As a result, the EBT holds shares in the Company. Generally, the funding for current and future plans will be provided by the Company. As the EBT is under control of the Group in accordance with IFRS 10, the EBT is fully consolidated. As at 31 December 2019, of the 4.1 million (31 December 2018: 4.6 million) treasury shares, GAM Holding AG holds 1.8 million (31 December 2018: 3.8 million) and the EBT holds 2.3 million (31 December 2018: 0.8 million).

Treasury shares – share-based payment plans

These treasury shares are held to meet the obligations to deliver shares in respect of the Group's various share-based payment plans, all of which are expected to be net equity settled. For further information regarding details to the share-based payments see note 22.

The number of shares held by the Company in relation to the Group's share-based payment plans as at 31 December 2019 amounted to 4.1 million, equating to 2.6% of shares in issue (31 December 2018: 4.6 million, equating to 2.9% of shares in issue).

Treasury shares – share buy-back programmes

The 2017–2020 share buy-back programme for the purpose of capital reduction, which commenced on 28 April 2017, is for a maximum period of three years and allows for the purchase of a maximum of 16.0 million shares.

No treasury shares were acquired under the Company's 2017–2020 share buy-back programme during 2019 (during 2018: no treasury shares acquired).

Distribution of dividends

In 2019, no dividend was paid for the financial year 2018. In 2018, a dividend of CHF 101.6 million was paid for the financial year 2017 (dividend per share: CHF 0.65). For the financial year 2019, the Board of Directors proposes to the shareholders that no dividend be paid given the low level of underlying net profit generated.

18. Capital management

The Group continues to actively and prudently manage its capital. In determining its capital targets the Group follows these basic principles:

- the Group maintains sufficient capital to ensure that its assets are 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;
- the Group's capital should provide it with a sufficiently robust buffer to absorb severe unexpected losses (or other calls on capital) in those instances when they could exceed the Group's earnings capacity. For this purpose, capital is defined as the adjusted tangible equity (i.e. total book equity excluding non-controlling interests, goodwill and other intangible assets as well as the financial liability relating to 40% of future Cantab performance fees which only materialises when a corresponding asset is recognised by the Group) and on 31 December 2019 amounted to CHF 197.2 million (31 December 2018: CHF 184.6 million);
- available eligible regulatory capital is continuously monitored, and if needed, actions promptly undertaken to ensure that the Group and all of its legal entities 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 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, France, Austria, 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 (including the Group's UK holding company benefitting from a five-year consolidation waiver granted by the FCA on the acquisition of Cantab) 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 2019 amounted to approximately CHF 98.9 million (31 December 2018: CHF 150.6 million) based on amounts for each entity. 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

19. Financial risk

For the purpose of this section, the Group is guided by IFRS 7 and accordingly reports 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 its 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 and the Group's resultant revenues.

19.1. 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, under financial investments (see notes 10.1 and 10.3) 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 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.

With reference to credit risk deriving from the Group's cash exposure, the majority of our counterparties are rated well above investment grade as at 31 December 2019.

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 recognised impairment losses.

Maximum exposure to credit risk

	31.12.2019 CHF m	31.12.2018 CHF m
Cash and cash equivalents	315.8	328.2
Trade and other receivables (excluding tax receivables)	16.8	34.0
Accrued income	93.4	83.6
Financial investments and other financial assets	6.2	4.0
Total	**432.2**	**449.8**

As at the balance sheet date, there are no financial assets that are impaired (31 December 2018: 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 2019.

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

Ageing of financial assets with credit risk exposure

	31.12.2019 CHF m	31.12.2018 CHF m
Not past due	431.2	447.5
Past due less than 3 months	0.9	1.1
Past due 3–12 months	0.1	1.0
Past due more than 12 months	-	0.2
Total	**432.2**	**449.8**

As at 31 December 2019, the 'expected credit losses'-impairment model did not have a material impact as (i) the financial assets at amortised cost are short-term (i.e. no longer than 12 months); and (ii) for financial assets that are measured at fair value through profit or loss (FVTPL) the impairment requirements do not apply to such instruments. As at 31 December 2019, expected credit losses were less than CHF 0.1 million (31 December 2018: less than CHF 0.1 million).

19.2. 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]	
	31.12.2019	31.12.2018	2019	2018
USD/CHF	0.9684	0.9858	0.9929	0.9769
EUR/CHF	1.0870	1.1269	1.1111	1.1506
GBP/CHF	1.2828	1.2555	1.2719	1.2996

[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) seed capital and product management investments at fair value through profit or loss, and (ii) other financial assets 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. Hedging strategies may be used to limit equity price fluctuation adverse effects on the Group's investments. Since seed capital and product management investments are exposed to equity price, currency and liquidity risks, they require the joint approval of the Group Chief Executive Officer and the Group Chief Financial Officer and they are periodically reported on by the Group Chief Risk Officer to, and 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 interest-bearing financial assets in the amount of CHF 317.8 million (31 December 2018: CHF 329.6 million) include cash and cash equivalents of CHF 315.8 million (31 December 2018: CHF 328.2 million), a short-term loan of CHF 1.3 million and rent deposits of CHF 0.7 million (31 December 2018: CHF 1.4 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.

19.3. Liquidity 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 Group maintains revolving credit facilities with two banks for a total of CHF 80 million. One credit facility over CHF 50 million expires on 31 December 2021. The other credit facility over CHF 30 million currently expires on 31 December 2020.

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	286.8	29.0	-	-	-	**315.8**
Trade and other receivables (excluding tax and short-term sublease receivables)	0.4	14.8	1.1	-	-	**16.3**
Sublease receivables	-	-	0.5	0.4	-	**0.9**
Accrued income	0.6	73.9	18.9	-	-	**93.4**
Financial investments and other financial assets (excluding long-term sublease receivables)	-	3.0	0.1	2.3	-	**5.4**
Non-derivative financial assets at 31 December 2019	**287.8**	**120.7**	**20.6**	**2.7**	**-**	**431.8**
Derivatives – inflows	-	43.1	-	-	-	**43.1**
Derivatives – outflows	-	(42.7)	-	-	-	**(42.7)**
Derivative financial assets at 31 December 2019	**-**	**0.4**	**-**	**-**	**-**	**0.4**
Cash and cash equivalents	311.9	16.3	-	-	-	**328.2**
Trade and other receivables (excluding tax receivables)	2.3	28.7	3.0	-	-	**34.0**
Accrued income	-	66.3	17.3	-	-	**83.6**
Financial investments and other financial assets	-	-	-	1.4	-	**1.4**
Non-derivative financial assets at 31 December 2018	**314.2**	**111.3**	**20.3**	**1.4**	**-**	**447.2**
Derivatives – inflows	-	47.9	2.3	-	-	**50.2**
Derivatives – outflows	-	(47.6)	-	-	-	**(47.6)**
Derivative financial assets at 31 December 2018	**-**	**0.3**	**2.3**	**-**	**-**	**2.6**

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	3.7	12.4	0.1	-	-	**16.2**
Lease liability	-	2.0	5.7	21.0	51.1	**79.8**
Other financial liabilities (excluding short-term lease liability)	-	18.5	-	-	-	**18.5**
Accrued expenses	-	196.1	3.9	-	-	**200.0**
Non-current financial liabilities (excluding long-term lease liability)	-	-	-	36.9	47.4	**84.3**
Non-derivative financial liabilities at 31 December 2019	**3.7**	**229.0**	**9.7**	**57.9**	**98.5**	**398.8**
Derivatives – inflows	-	23.1	10.2	-	-	**33.3**
Derivatives – outflows	-	(23.0)	(9.2)	-	-	**(32.2)**
Derivative financial liabilities at 31 December 2019	**-**	**0.1**	**1.0**	**-**	**-**	**1.1**
Trade and other payables	1.3	31.3	0.2	-	-	**32.8**
Other financial liabilities	-	17.9	-	-	-	**17.9**
Accrued expenses	-	214.4	5.1	-	-	**219.5**
Non-current financial liabilities	-	-	-	43.0	55.8	**98.8**
Non-derivative financial liabilities at 31 December 2018 [1]	**1.3**	**263.6**	**5.3**	**43.0**	**55.8**	**369.0**
Derivatives – inflows	-	(70.6)	-	-	-	**(70.6)**
Derivatives – outflows	-	71.0	-	-	-	**71.0**
Derivative financial liabilities at 31 December 2018	**-**	**0.4**	**-**	**-**	**-**	**0.4**

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	287.8	121.1	20.6	2.7	-	**432.2**
Financial liabilities	(3.7)	(229.1)	(10.7)	(57.9)	(98.5)	**(399.9)**
Net financial assets/(liabilities) at 31 December 2019	**284.1**	**(108.0)**	**9.9**	**(55.2)**	**(98.5)**	**32.3**
Financial assets	314.2	111.6	22.6	1.4	-	**449.8**
Financial liabilities	(1.3)	(264.0)	(5.3)	(43.0)	(55.8)	**(369.4)**
Net financial assets/(liabilities) at 31 December 2018 [1]	**312.9**	**(152.4)**	**17.3**	**(41.6)**	**(55.8)**	**80.4**

[1] Comparative figures have been restated. For further information see note 28.1.

20. 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

	2019 Income CHF m	2018 Income CHF m restated [1]	31.12.2019 Non-current assets CHF m	31.12.2018 Non-current assets CHF m restated [1]
Switzerland	105.9	139.1	493.5	492.0
United Kingdom	132.0	318.9	278.5	250.7
Rest of Europe	79.3	116.9	18.8	0.6
Rest of the world	26.6	41.1	9.1	5.3
Total	**343.8**	**616.0**	**799.9**	**748.6**

[1] Comparative figures have been restated. For further information see note 28.1.

The geographical information for non-current assets is based on the location where the assets are held and represent property and equipment (including right-of-use assets under leases) 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.

21. Related party transactions

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

The key management personnel compensation recognised is as follows:

	2019 CHF m	2018 CHF m
Salaries and other short-term employee benefits	6.9	9.2
Share-based payment expenses	2.1	5.4
Post-employment benefits	0.5	0.8
Long-term employee benefits	-	0.3
Social security expenses	0.7	0.3
Key management personnel compensation	**10.2**	**16.0**

With effect from 1 September 2019, Peter Sanderson was appointed as the Group CEO and as a member of the Group Management Board. David J. Jacob, interim Group CEO since 6 November 2018, has been appointed Chairman of the Board of Directors effective 1 October 2019, and will stand for election in this role by shareholders at GAM Holding AG's next Annual General Meeting in 2020. Hugh Scott-Barrett stepped down from his current role as Chairman of the Board of Directors effective 1 October 2019 and will remain a member of the Board of Directors until GAM Holding AG's next Annual General Meeting in 2020.

With effect from 6 November 2018, Alexander Friedman stepped down as the Group CEO.

Rachel Wheeler, Group General Counsel, and Matthew Beesley, Group Head of Investments, were appointed to the Group Management Board with effect from 3 September 2018 and 1 October 2018 respectively. With effect from 28 February 2020, Matthew Beesley will step down as a member of the Group Management Board and subsequently leave the Group. Natalie Baylis, Group Head of Compliance, joined the Group and the Group Management Board on 11 June 2018 and left the Group with effect from 28 September 2018.

Larry Hatheway, Group Head of GAM Investment Solutions (GIS) and Chief Economist, and Tim Dana, Group Head of Corporate Development, stepped down as members of the Group Management Board on 31 December 2018.

With effect from 1 February 2017, Dirk Spiegel (Group General Counsel), who departed the Group with effect from 9 March 2018, became a member of the Group Management Board.

Monica Mächler was elected as a new member of the Board of Directors at the Annual General Meeting held on 26 April 2018. She stepped down from the Board of Directors at the Annual General Meeting held on 25 April 2019.

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 2019 compensation report.

GAM Holding AG or its subsidiaries obtain from time to time legal advice from, among other law firms, Clifford Chance, England. Mr Benjamin Meuli, Member of the Board of Directors of GAM Holding AG, is a non-executive member of the Partnership Council at Clifford Chance. These mandates were not considered material either to Clifford Chance or to GAM Holding AG. Furthermore, Mr Meuli did not work on any such mandate for GAM Holding AG or its subsidiaries. Mr Meuli's independence to fulfil his mandate as a member of the Board of Directors of GAM Holding AG was therefore ensured.

22. Share-based payments

The plans described below reflect the situation as at 31 December 2019. The Company shares that the Group requires to settle obligations under the Group's share-based payment plans are purchased in the market. For further details on the plans please refer to the Group's 2019 compensation report.

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

	2019 CHF m	2018 CHF m
Current plans		
Share plans for the Group Management Board	1.0	2.8
Share plans for members of the Board of Directors	0.7	0.8
Bonus deferrals	5.5	4.8
2017 employee option award	0.4	0.5
Other option awards	0.1	0.6
Other equity-settled share awards	0.5	1.7
2019-2022 retention plans	2.9	-
2019-2024 long-term incentive awards	0.1	-
2018 long-term incentive plan	-	0.1
2017 long-term incentive plan	-	-
Legacy plans		
2016 long-term incentive plan	0.9	4.3
2016 employee share ownership plan	-	0.3
Variable restricted share (VRS) grant	0.2	0.3
Five-year variable restricted share (VRS) scheme for the former Group CEO	-	(0.7)
Share-based payment expenses	**12.3**	**15.5**

Share plans for the Group Management Board

2018 compensation

At the Annual General Meeting on 8 May 2019, shareholders approved the proposed variable compensation of the Group Management Board for 2018.

On 10 May 2019, relevant members of the Group Management Board were granted 517,469 GAM Holding AG shares with a fair value of CHF 4.06 per share as a variable deferred component of their total compensation for 2018. These shares will vest and be delivered in four equal tranches on the first four anniversaries of the grant date subject to recipients continuing to be employed with the Group on the vesting date.

The aggregate fair value of these awards to be delivered in shares amounts to CHF 2.1 million and is recognised as an expense over the relevant vesting period starting 1 January 2018. CHF 0.3 million was recognised as an expense in 2019 (2018: CHF 0.5 million). In 2019, 112,235 shares were forfeited.

Relevant members of the Group Management Board also received a long-term incentive plan (LTIP) award as part of their variable compensation for 2018. For further information on the 2018 LTIP see further below.

2017 compensation

At the Annual General Meeting on 26 April 2018, shareholders approved the proposed variable compensation of the Group Management Board for 2017.

On 3 May 2018, relevant members of the Group Management Board were granted 289,466 GAM Holding AG shares with a fair value of CHF 15.82 per share as a variable deferred component of their total compensation for 2017. These shares will vest and be delivered in four equal tranches on the first four anniversaries of the grant date subject to recipients continuing to be employed with the Group on the vesting date.

The aggregate fair value of these awards to be delivered in shares amounts to CHF 4.6 million and is recognised as an expense over the relevant vesting period starting 1 January 2017. CHF 0.7 million was recognised as an expense in 2019 (2018: CHF 1.9 million). In 2019, 72,366 shares were delivered.

Relevant members of the Group Management Board also received a long-term incentive plan (LTIP) award as a part of their variable compensation for 2017. For further information on the 2017 LTIP see further below.

2016 compensation
On 6 March 2017, members of the Group Management Board were granted 181,949 GAM Holding AG shares as a component of their variable compensation for 2016. These shares 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. The shares will be delivered three years after the grant date.

The aggregate fair value of these shares amounts to CHF 1.8 million and is recognised as an expense over the relevant vesting period starting 1 January 2016. Less than CHF 0.1 million was recognised as an expense in 2019 (2018: CHF 0.2 million). In 2019, 9,119 shares were forfeited (2018: 30,324 shares were forfeited relating to one former member of the Group Management Board). For further details see note 21. As at 31 December 2019, 142,506 shares were outstanding (31 December 2018: 151,625 shares were outstanding).

2015 compensation
On each of the five business days from 1 March 2016 to 7 March 2016, the members of the Group Management Board were granted 189,687 GAM Holding AG shares as a variable deferred element of their total compensation for 2015. These shares vested 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 aggregate fair value of these shares amounted to CHF 2.4 million and was recognised as an expense over the relevant vesting period starting 1 January 2015. In 2019, due to forfeitures an income of less than CHF 0.1 million was recognised (2018: expense of CHF 0.2 million). On 7 March 2019, 114,981 shares were delivered and 1,954 shares were additionally forfeited in 2019 (as at 31 December 2018, 72,752 shares have been forfeited). For further details see note 21.

Share plans for members of the Board of Directors
On 9 May 2019, the members of the Board of Directors were granted a total of 188,673 GAM Holding AG shares at a fair value of CHF 4.24 per share. Due to the change in the role of Chairman of the Board of Directors effective 1 October 2019, 15,068 GAM Holding AG shares at a fair value of CHF 4.00 per share were additionally granted and 14,215 shares were forfeited. These shares will vest and be delivered on the day before the Company's 2020 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 2019, an expense of CHF 0.5 million was recognised. For further details see note 21.

On 27 April 2018, the members of the Board of Directors were granted a total of 53,355 GAM Holding AG shares at a fair value of CHF 15.93 per share. These shares have vested and were delivered on the day before the Company's 2019 Annual General Meeting. The fair value at grant date was recognised as an expense over the relevant vesting period. In 2019, an expense of CHF 0.2 million was recognised (2018: CHF 0.6 million). In 2019, 6,277 shares were forfeited. For further details see note 21.

On 28 April 2017, the members of the Board of Directors were granted a total of 64,651 GAM Holding AG shares at a fair value of CHF 11.60 per share. These shares have vested and were delivered on the day before the Company's 2018 Annual General Meeting. The fair value at grant date was recognised as an expense over the relevant vesting period. In 2018, an expense of CHF 0.2 million was recognised.

Bonus deferrals
2019 bonus deferrals
In line with the compensation framework, deferral of variable compensation applies to all employees. The proportion of employees' variable compensation to be deferred was generally 75% of any variable compensation over CHF 50,000.

In early 2020, the Group will grant to relevant employees GAM Holding AG shares as the deferred component of their variable compensation for 2019. These shares will vest and be delivered 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. For some employees, the deferred component of their variable compensation is granted in form of fund units. For further information see note 3.

The number of shares granted at grant date will be determined by dividing the predetermined aggregate fair value by the fair value per share. The expected aggregate fair value of these awards to be delivered in shares is recognised as an expense over the relevant vesting period starting 1 January 2019. In 2019, an expense of CHF 2.7 million was recognised.

2018 bonus deferrals
In line with the compensation framework, deferral of variable compensation applies to all employees. The proportion of employees' variable compensation to be deferred, other than GMB members who had 50% of their variable compensation deferred, was generally one-third of any variable compensation over CHF 75,000.

On 1 March 2019, the Group granted to relevant employees 1,193,713 GAM Holding AG shares with a fair value of CHF 3.96 per share as the deferred component of their variable compensation for 2018. These shares will vest and be delivered 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. For some employees, the deferred component of their variable compensation is granted in form of fund units. For further information see note 3.

As at the date of grant, the aggregate fair value of these shares amounted to CHF 4.7 million and is recognised as an expense over the relevant vesting period starting 1 January 2018. In 2019, an expense of CHF 1.3 million was recognised (2018: CHF 1.9 million).

As at 31 December 2019, 62,608 shares have been forfeited and 1,131,105 shares were outstanding.

2017 bonus deferrals
In line with the compensation framework, deferral of variable compensation applies to all employees. The proportion of employees' variable compensation to be deferred, other than GMB members who had 50% of their variable compensation deferred, was generally one-third of any variable compensation over CHF 75,000.

On 2 March 2018, the Group granted to relevant employees 534,384 GAM Holding AG shares with a fair value of CHF 17.00 per share as a deferred component of their variable compensation for 2017. These shares will vest and be delivered 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. For some employees, the deferred component of their variable compensation is granted in form of fund units. For further information see note 3.

As at the date of grant, the aggregate fair value of these shares amounted to CHF 9.1 million and is recognised as an expense over the relevant vesting period starting 1 January 2017. In 2019, an expense of CHF 1.5 million was recognised (2018: CHF 2.9 million).

As at 31 December 2019, 42,656 shares have been forfeited (31 December 2018: 16,622), 166,896 shares were delivered and 324,832 shares were outstanding (31 December 2018: 517,762).

2017 employee option award
On 6 March 2017, the Group granted, to certain employees (excluding all Board of Directors and Group Management Board members), a total of 1,122,850 options with an exercise price of CHF 11.25. Subject to certain terms and conditions, the Group will deliver one share in GAM Holding AG per option. The options have an exercise period of six months after their vesting date of 6 March 2020.

As at the date of grant, the aggregate fair value of these options amounted to CHF 2.0 million and is recognised as an expense over the relevant vesting period. In 2019, an expense of CHF 0.4 million was recognised (2018: CHF 0.5 million).

As at 31 December 2019, 300,987 options have been forfeited (31 December 2018: 210,290) and 821,863 options were outstanding (31 December 2018: 912,560).

Other option awards

Between 1 January 2017 and 6 March 2017 certain new employees were granted a total of 1,560,919 options (thereof to a member of the GMB: 1,016,949 options). Subject to certain terms and conditions, the Group will deliver one share in GAM Holding AG per option. The options will vest in either one or two tranches after a maximum of five years, subject to the recipients continuing to be employed with the Group on each vesting date.

As at the date of grant, the aggregate fair value of these options amounted to CHF 3.0 million (thereof for a member of the GMB: CHF 2.0 million) and is recognised as an expense over the relevant vesting period. In 2019, a net expense of CHF 0.1 million (thereof for a member of the GMB: CHF 0.4 million) was recognised (2018: CHF 0.6 million, thereof for a member of the GMB: CHF 0.4 million).

As at 31 December 2019, 482,432 options have been forfeited (31 December 2018: 50,000) and 1,078,487 options were outstanding (31 December 2018: 1,510,919).

Other equity-settled share awards

CEO share award 2019

On 29 November 2019, the newly appointed Group CEO was granted a total of 239,617 GAM Holding AG shares with a fair value between CHF 2.65 and CHF 2.85 per share.

The shares will vest in three equal tranches after a maximum of three years, subject to the recipient continuing to be employed with the Group on each vesting date. As at the date of grant, the aggregate fair value of these shares amounted to CHF 0.7 million and is recognised as an expense over the relevant vesting period. In 2019, an expense of less than CHF 0.1 million was recognised.

CEO share award 2018

On 3 May 2018, the Group CEO was granted a total of 21,073 GAM Holding AG shares with a fair value of CHF 15.82 per share. In 2018, an expense of CHF 0.1 million was recognised. Upon the departure of the Group CEO from the Group and in line with the relevant plan rules, 15,805 shares were forfeited in 2018 and the remaining 5,268 shares were delivered in 2019.

Share awards 2019

In 2019, certain new employees were granted a total of 25,894 GAM Holding AG shares with a fair value between CHF 3.58 and CHF 6.00 per share. The shares will vest and be delivered in three equal tranches on the first three anniversaries of the grant date subject to the recipient continuing to be employed with the Group on each vesting date. In 2019, an expense of less than CHF 0.1 million was recognised. In 2019, 10,216 shares were forfeited.

Share awards 2018

Between 9 March 2018 and 1 September 2018 certain new employees were granted a total of 86,973 GAM Holding AG shares with a fair value between CHF 5.57 and CHF 15.60 per share. The shares will vest in one to four equal tranches after a maximum of four years, subject to the recipient continuing to be employed with the Group on each vesting date.

The aggregate fair value of these share plans amounted to CHF 1.0 million and is recognised as an expense over the relevant vesting periods. In 2019, an expense of less than CHF 0.1 million (2018: CHF 0.3 million) was recognised.
As at 31 December 2019, 44,270 shares have been forfeited, 15,440 shares delivered and 27,263 shares were outstanding (31 December 2018: 86,973 shares were outstanding).

Share awards 2017

Between 1 January 2017 and 31 July 2017 certain new employees were granted a total of 250,533 GAM Holding AG shares (thereof to a member of the GMB: 180,117 shares) with a fair value between CHF 8.55 and CHF 14.64 per share. The shares will vest in one to three equal tranches after a maximum of three years, 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 2.8 million (thereof for a member of the GMB: CHF 1.9 million) and is recognised as an expense over the relevant vesting periods. In 2019, an expense of CHF 0.2 million (thereof for a member of the GMB: CHF 0.2 million) was recognised (2018: CHF 0.9 million, thereof for a member of the GMB: CHF 0.5 million). As at 31 December 2019, 13,496 shares have been forfeited (31 December 2018: no shares had been forfeited), 167,842 shares were delivered (31 December 2018: 85,152) and 69,195 shares were outstanding (31 December 2018: 165,381).

Share awards 2016
On 7 March 2016, one employee was granted 20,478 GAM Holding AG shares with a fair value of CHF 12.82 per share. The shares have vested and were delivered three years after the grant date, subject to the recipient continuing to be employed with the Group on the vesting date.

The aggregate fair value of this share plan amounted to CHF 0.3 million and was recognised as an expense over the relevant vesting period. In 2019, an expense of less than CHF 0.1 million was recognised (2018: CHF 0.1 million). In 2019, all 20,478 shares were delivered.

Share awards 2015
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 is recognised as an expense over the relevant vesting periods. In 2019, an expense of CHF 0.2 million (thereof for a member of the GMB: none) was recognised (2018: CHF 0.3 million, thereof to members of the GMB: CHF 0.3 million).

As at 31 December 2019, no shares have been forfeited, 190,395 shares were delivered and 21,100 shares were outstanding. As at 31 December 2018, 47,181 shares were outstanding and 164,314 shares were delivered in 2018.

2019-2022 retention plans
In 2019, selected employees received a retention award. Awards are split and will vest in three equal tranches, either on 30 June or 7 September of each of the three subsequent years after the grant date, subject to the recipient continuing to be employed with the Group on the vesting date.

The number of shares granted will be determined by dividing the predetermined aggregate fair value by the fair value per share as determined at the vesting date of the first tranche in 2020. As at the date of grant, the aggregate fair value of the 2019-2022 retention awards amounted to CHF 7.5 million. In 2019, an expense of CHF 2.9 million was recognised.

As at 31 December 2019, retention awards with a fair value of CHF 0.6 million have been forfeited.

2019-2024 long-term incentive awards
On 10 May 2019, selected senior executives received a long-term incentive award, subject to the recipient continuing to be employed with the Group on the vesting date. Each award will vest and be delivered in one tranche on 10 May 2024. The features of this plan are the same as the 2018 long-term incentive plan awarded to the Group Management Board as disclosed below. Participants were granted 292,142 performance shares. As at the date of grant, the aggregate fair value of the award amounted to CHF 0.3 million. In 2019, an expense of CHF 0.1 million was recognised.

2018 long-term incentive plan
On 10 May 2019, relevant members of the Group Management Board received an LTIP award as part of their deferred component of variable compensation.

The LTIP will be delivered 100% in performance shares and will have a three-year performance period plus a two-year holding period. The award will vest and settle five years after the grant date subject to the recipient continuing to be employed with the Group on the vesting date.

The metrics utilised will include the annual earnings per share (EPS) growth which will have a 50% weighting, three-year relative total shareholder return (rTSR) and three and five-year investment performance both of which will have a weighting of 25%.

A maximum of 25% of the LTIP will vest for achieving a threshold level of performance increasing to 50% for target performance and 100% for exceptional performance. The number of performance shares converted to GAM shares will be capped at one share for each performance share.

Participants were granted 704,858 performance shares. As at the date of grant, the aggregate fair value of the performance shares amounted to CHF 0.8 million and is recognised as an expense over the relevant vesting period. In 2019, after remeasurement of the non-market performance conditions, an expense of less than CHF 0.1 million was recognised for the 2018 LTIP (2018: CHF 0.1 million).

As at 31 December 2019, 150,309 performance shares have been forfeited. The number of outstanding share-based awards at year-end is 554,549 performance units.

2017 long-term incentive plan

On 3 May 2018, relevant members of the Group Management Board and selected senior executives received an LTIP award as part of their deferred component of variable compensation.

The LTIP will be delivered 100% in performance shares and will have a three-year performance period plus a two-year holding period. The award will vest and settle five years after the grant date subject to the recipient continuing to be employed with the Group on the vesting date.

The metrics utilised includes the annual earnings per share (EPS) growth which has a 50% weighting, three-year relative total shareholder return (rTSR) and three and five-year investment performance both of which have a weighting of 25%.

A maximum of 25% of the LTIP will vest for achieving a threshold level of performance increasing to 50% for target performance and 100% for exceptional performance. The number of performance shares converted to GAM shares will be capped at one share for each performance share.

Participants were granted 121,726 performance shares. As at the date of grant, the aggregate fair value of the performance shares amounted to CHF 1.4 million (thereof to members of the GMB: CHF 0.6 million) and is recognised as an expense over the relevant vesting period. In 2019, after remeasurement of the non-market performance conditions, an expense of less than CHF 0.1 million (thereof to members of the GMB: less than 0.1 million) was recognised for the 2017 LTIP (2018: less than CHF 0.1 million, thereof to members of the GMB: less than CHF 0.1 million).

As at 31 December 2019, 66,010 performance units have been forfeited (31 December 2018: 20,454). The number of outstanding share-based awards at year-end is 55,716 performance units (31 December 2018: 101,272).

2016 long-term incentive plan

On 26 October 2016, members of the Group Management Board and selected senior employees received an LTIP award, subject to the recipient continuing to be employed with the Group on the vesting date. Each award is split and will vest in three tranches.

The award was split equally between two components:
- Performance units linked to the Company's relative total shareholder return (rTSR);
- Stock options issued at a premium to the share price at grant.

The performance units (or 'rTSR units') are converted to shares based on the performance of GAM relative to a peer group. The conversion of performance units to shares varies linearly from the 50th (50% of rTSR units vesting) to the 75th percentile (100% of rTSR units vesting). The number of performance units converted will be capped at one share for each unit irrespective of relative performance above the 75th percentile, while no performance units will vest if performance is below the 50th percentile.

The premium to the share price of one option is 20% in the case of non-GMB members and 30% in the case of GMB members, i.e. the options were granted out-of-the money.

Participants received an LTIP award in the form of 1,324,600 performance units and 6,720,391 options. The options have an exercise period of six months after their vesting date and for the performance units the exercise date is the same as the vesting date. As at the date of grant, the aggregate fair value of the performance units amounted to CHF 6.3 million and the aggregate fair value of the options amounted to CHF 6.4 million. The fair value at grant date is recognised as an expense over the relevant vesting period. In 2019, an expense of CHF 0.9 million (thereof to members of the GMB: CHF 0.3 million) was recognised for the 2016 LTIP awards (2018: CHF 4.3 million, thereof to members of the GMB: CHF 0.7 million).

As at 31 December 2019, 365,356 performance units (31 December 2018: 202,805 performance units) and 1,839,375 options (31 December 2018: 1,046,588 options) have been forfeited and 289,217 performance units (31 December 2018: none) and 1,478,302 options (31 December 2018: none) have expired. The number of outstanding share-based awards at 31 December 2019 is 670,027 (2018: 1,121,795) performance units and 3,402,714 (2018: 5,673,803) options.

Information on the 2016 LTIP award and the inputs used in the measurement of the fair values at grant date were as follows:

	Awards vested on 15 March 2019	Awards vesting on 15 March 2020	Awards vesting on 15 March 2021
Fair value of rTSR units and assumptions			
Fair value of rTSR unit at grant date	4.89	4.79	4.69
Original contractual life (in months)	29	41	53
Share price at grant date	9.17	9.17	9.17
Expected volatility	33.00%	33.00%	34.00%
Expected dividend yield	5.00%	5.00%	5.00%
Risk-free interest rate	-0.65%	-0.60%	-0.53%
Additional information as at 31 December 2019			
Remaining contractual life (in months)	-	3	15
Number of rTSR units outstanding	-	231,950	438,077

	Options vested on 15 March 2019	Options vesting on 15 March 2020	Options vesting on 15 March 2021
Fair value of '20% premium' options and assumptions			
Fair value of options at grant date	0.85	0.96	1.10
Original contractual life (in months)	35	47	59
Share price at grant date	9.17	9.17	9.17
Exercise price	11.00	11.00	11.00
Expected volatility	33.00%	33.00%	34.00%
Expected dividend yield	5.00%	5.00%	5.00%
Risk-free interest rate	-0.65%	-0.60%	-0.53%
Additional information as at 31 December 2019			
Remaining contractual life (in months)	-	9	21
Number of options outstanding	-	765,959	1,451,314

	Options vested on 15 March 2019	Options vesting on 15 March 2020	Options vesting on 15 March 2021
Fair value of '30% premium' options and assumptions			
Fair value of options at grant date	0.70	0.81	0.95
Original contractual life (in months)	35	47	59
Share price at grant date	9.17	9.17	9.17
Exercise price	11.92	11.92	11.92
Expected volatility	33.00%	33.00%	34.00%
Expected dividend yield	5.00%	5.00%	5.00%
Risk-free interest rate	-0.65%	-0.60%	-0.53%
Additional information as at 31 December 2019			
Remaining contractual life (in months)	-	9	21
Number of options outstanding	-	412,251	773,190

2016 employee share ownership plan (ESOP)

The Group introduced the ESOP for all permanent staff, excluding GMB members, to support the share ownership of the Group's employees. The ESOP gave employees the opportunity to acquire shares in GAM Holding AG, and for every share purchased, subject to certain terms and conditions, the Group granted a conditional award to acquire a matching share free of payment on the vesting date of 1 March 2018.

On 3 October 2016, the plan participants were granted 351,109 GAM Holding AG shares. As at the date of grant, the aggregate fair value of these shares amounted to CHF 3.2 million and was recognised as an expense over the relevant vesting period. In 2018, an expense of CHF 0.3 million was recognised. As at the vesting date of 1 March 2018, 26,753 shares had been forfeited and 324,356 shares were delivered.

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, the employee 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 settlement 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 2019, an expense of CHF 0.2 million (thereof to a member of the GMB: none) was recognised (2018: CHF 0.3 million, thereof to a member of the GMB: CHF 0.3 million). The VRS units were valued using a Monte-Carlo simulation approach. No VRS units were exercised or forfeited since the grant date. Thus, the number and weighted average exercise prices of VRS units under this scheme remained unchanged.

Information on the VRS units and 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
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%
Additional information as at 31 December 2019	
Remaining contractual life (in months)	9

Five-year variable restricted share (VRS) scheme for the former Group CEO

On 29 September 2014, the now former Group CEO received a one-time long-term incentive award in the form of 1,122,020 VRS units (options) which vested 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.

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 was recognised as an expense over the relevant vesting period. The VRS units were valued using a Monte-Carlo simulation approach. In 2018, due to forfeiture of all non-vested VRS units an income of CHF 0.7 million was recognised. Upon the departure of the Group CEO from the Group and in line with the relevant plan rules, 224,404 VRS units were forfeited in 2018 and the remaining 897,616 vested VRS units expired worthless in 2019.

23. Commitments

23.1 Contractual commitments for the acquisition of assets

As at 31 December 2019 and 2018, there were no contractual commitments for the acquisition of assets.

23.2 Contingent liabilities

Potential litigations, reviews and investigations

The Group is exposed to the risk of conduct-related and legal matters as well as regulatory actions, which could give rise to the need to recognise material provisions or, in the case they do not qualify for the recognition of a provision, to disclose contingent liabilities. These potential exposures mainly relate to the events and circumstances leading to the suspension and subsequent dismissal of the investment director and business unit head for the ARBF strategy and the subsequent liquidation of the ARBF strategy related funds and mandates. Any potential exposures relating to these matters are dependent on the outcome of any potential legal and/or regulatory actions. A provision of CHF 1.0 million is recognised in the consolidated balance sheet as at 31 December 2019 (see note 15 for further information).

The Group operates in various jurisdictions which are subject to local laws and regulation. During the ordinary course of business the Group may become exposed to breaches of regulation and law, including breaches of client mandates, fund requirements or legal contracts, which may give rise to litigation and a liability.

During the ordinary course of business certain non-material financial exposures arise and the Group has recognised a provision for these events as appropriate in accordance with IFRS accounting standards.

24. Consolidated entities

Listed company

	Place of listing	Capitalisation as at 31.12.2019 CHF m	Head office	Share capital CHF m
GAM Holding AG	SIX Swiss Exchange	448	Zurich	7.984

Swiss securities number: 10265962, Reuters: GAMH.VX, Bloomberg: GAM VX

Unlisted subsidiaries

	Country of incorporation	Equity interest in %
GAM Group AG	Switzerland	100
GAM Limited	Bermuda	100
GAM GP Inc.	British Virgin Islands	100
GAM (UK) Limited	UK	100
GAM International Management Limited	UK	100
GAM London Limited	UK	100
(including a branch office in Israel)		
GAM Sterling Management Limited	UK	100
GAM (Guernsey) GP Limited	Guernsey	100
Renshaw Bay GP1 Limited	Guernsey	100
RB REFS 1 Limited	UK	100
RB REFS 2 Limited	UK	100
Renshaw Bay GP4 LLP	UK	100
GAM Unit Trust Management Company Limited	UK	100
GAM Systematic Holding Limited	UK	100
Cantab Capital Partners LLP	UK	100
GAM Systematic Services Limited	UK	100
Cantab Capital (Cayman) Limited	Cayman	100
GAM Fund Management Limited	Ireland	100
GAM Investment Management Singapore Pte. Ltd.	Singapore	100
GAM Hong Kong Limited	Hong Kong	100
GAM Japan Limited	Japan	100
GAM USA Inc.	USA	100
GAM Services Inc.	USA	100
GAM (Switzerland) Holding AG	Switzerland	100
GAM Investment Management (Switzerland) AG	Switzerland	100
(including a branch office in Lugano)		
GAM (Italia) SGR S.p.A.	Italy	100
GAM (Luxembourg) S.A.	Luxembourg	100
(including branch offices in Spain, Austria and France)		
GAM Trade Finance S.à.r.l.	Luxembourg	100
GAM REFF II GP S.à.r.l.	Luxembourg	100
GAM (Deutschland) GmbH	Germany	100
GAM Investments (Australia) Pty Ltd	Australia	100
The GAM Employee Benefit Trust	Jersey	-

Regarding consolidated structured entities see note 25. All voting rights equal the equity interest.

Changes to subsidiaries consolidated

In 2019, GAM Investment Managers Limited, UK, and GAM US Holding Inc., USA were liquidated.
GAM Capital Management (Switzerland) AG has been merged into GAM Investment Management (Switzerland) AG.

25. 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 11).

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 as financial investments at fair value through profit or loss and presented in the line item 'seed capital and product management investments at fair value through profit or loss' (for details see note 10). The fair value of these investments represents the Group's maximum exposure to loss from its investments into such unconsolidated investment funds.

26. Events after the reporting period

The Board of Directors approved these consolidated financial statements on 19 February 2020. In addition, they must be approved by the Annual General Meeting on 30 April 2020.

27. 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 2019 comprise those of the Company and all its subsidiaries (together referred to as the Group) including structured entities under the Group's control. The Group provides asset management services. The core investment management business is complemented by private labelling services, which include management company and other support services to third-party asset managers.

28. 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 and liabilities at fair value through profit or loss and derivative financial instruments (for details see note 29.2.6).

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

28.1. Correction of comparative information in respect of the acquisition of Cantab

As set out in the consolidated financial statements 2016, on 3 October 2016 the Group acquired the investment management business of Cantab, a UK-based independent asset management firm. GAM acquired 100% of Cantab's investment management business, except for the right to receive 40% of all future performance fees, which was retained by Cantab's selling partners.

As disclosed in note 27.3 of the consolidated financial statements 2016 the contractual commitment to distribute 40% of future performance fees generated by Cantab was treated as a contingent liability. An expense for the distribution of 40% of performance fees was recognised once the underlying performance fees crystallised.

As announced on 30 January 2020, the Sanctions Commission of SIX Swiss Exchange upheld the sanctions proposal submitted against GAM Holding AG relating to the accounting treatment of future performance fee payments as a financial liability following the Group's acquisition of Cantab. As a result of the Group's decision not to appeal, the Group has changed its accounting treatment in relation to this matter which is treated as an error in accordance with IAS 8. Under this change in accounting treatment, the Group should have recognised a financial liability which should have been recognised as part of the net assets of Cantab at its acquisition date fair value. At each subsequent reporting date, due to revised estimates of future payments, the carrying amount of the financial liability at amortised cost should have been recalculated by using the effective interest method with any gain or loss being recognised directly in the income statement.

As a consequence of recognising this financial liability in the original purchase price allocation of Cantab on 3 October 2016, an adjustment is also required to the values of intangible assets (investment management and client contracts) and goodwill in relation to the acquisition. At each subsequent reporting date, these updated balances have been treated in accordance with our existing accounting policies.

In line with the requirements of IAS 8, the Group has recalculated the original purchase price allocation as of 3 October 2016 and restated its comparative information as summarised in the tables below.

As a consequence of the changes to the original purchase price allocation in relation to the acquisition of Cantab on 3 October 2016, the Group recognised a higher goodwill and higher investment management and client contracts as well as a financial liability in the same amount. Cantab, which is a limited liability partnership and as such is treated as a 'transparent entity', does not pay tax directly, but instead the partners pay tax on their partner distributions from Cantab. As a result, neither Cantab nor any member of the GAM Group pays tax on the 40% performance fees attributed to the "A" interest holders.

Impact on the consolidated income statement

	2018 Published CHF m	Restatement CHF m	2018 Restated CHF m
Net management fees and commissions	495.4	-	495.4
Net performance fees	4.8	-	4.8
Net fee and commission income	**500.2**	**-**	**500.2**
Net other income	42.4	73.4	115.8
Income	**542.6**	**73.4**	**616.0**
Personnel expenses	255.1	-	255.1
General expenses	160.2	-	160.2
Depreciation and amortisation	31.0	9.5	40.5
Impairment losses	1,029.7	51.6	1,081.3
Expenses	**1,476.0**	**61.1**	**1,537.1**
Loss before taxes	**(933.4)**	**12.3**	**(921.1)**
Income tax credit	(4.3)	-	(4.3)
Net loss attributable to the shareholders of the Company	**(929.1)**	**12.3**	**(916.8)**
Loss per share			
Basic loss per share (CHF)	(5.98)	0.08	(5.90)
Diluted loss per share (CHF)	(5.98)	0.08	(5.90)

At each reporting date, the carrying amount of the newly recognised financial liability is subsequently measured at amortised cost using the effective interest method with any gain or loss due to revised estimates of future payments being recognised directly in the income statement. During each period, finance charges on the discounted financial liability are recognised for the unwinding of the discount effect. The remeasurement and the finance charges are both recognised in the line item 'net other income' (for further details see notes 2 and 6).

During each period, the investment management and client contracts are amortised using the straight-line method and tested for impairment if such indicators exist. The goodwill is tested for impairment annually (for further details see note 13).

Impact on the consolidated balance sheet

Under the new accounting treatment, the Group has recognised a financial liability which is recognised in the line item 'financial liabilities' and remeasured at each reporting date (for further details see note 10.5).

Goodwill and investment management and client contracts are recognised in the line item 'goodwill and other intangible assets'.

Impacts on the consolidated income statement between the acquisition date and the restatement date of 1 January 2018 are recognised in the line item 'retained earnings' and translation differences in the line item 'foreign currency translation reserve'.

	31.12.2018 Published CHF m	Restatement CHF m	31.12.2018 Restated CHF m	01.01.2018 Published CHF m	Restatement CHF m	01.01.2018 Restated CHF m
Cash and cash equivalents	328.2	-	328.2	373.8	-	373.8
Trade and other receivables	39.6	-	39.6	53.6	-	53.6
Accrued income and prepaid expenses	94.7	-	94.7	152.8	-	152.8
Financial investments	30.6	-	30.6	45.9	-	45.9
Assets held for sale	42.9	-	42.9	39.2	-	39.2
Current assets	**536.0**	**-**	**536.0**	**665.3**	**-**	**665.3**
Financial investments and other financial assets	5.6	-	5.6	2.5	-	2.5
Employee benefit asset	0.9	-	0.9	-	-	-
Deferred tax assets	37.1	-	37.1	52.3	-	52.3
Property and equipment	24.1	-	24.1	8.8	-	8.8
Goodwill and other intangible assets	654.6	69.9	724.5	1,716.5	135.7	1,852.2
Non-current assets	**722.3**	**69.9**	**792.2**	**1,780.1**	**135.7**	**1,915.8**
Assets	**1,258.3**	**69.9**	**1,328.2**	**2,445.4**	**135.7**	**2,581.1**
Trade and other payables	32.8	-	32.8	30.9	-	30.9
Other financial liabilities	18.3	-	18.3	21.8	-	21.8
Accrued expenses and deferred income	219.5	-	219.5	250.0	-	250.0
Current tax liabilities	1.2	-	1.2	15.7	-	15.7
Provisions	31.7	-	31.7	6.8	-	6.8
Liabilities held for sale	1.9	-	1.9	2.6	-	2.6
Current liabilities	**305.4**	**-**	**305.4**	**327.8**	**-**	**327.8**
Financial liabilities	28.7	27.9	56.6	79.8	105.0	184.8
Provisions	6.7	-	6.7	7.8	-	7.8
Pension liabilities	72.0	-	72.0	109.7	-	109.7
Deferred tax liabilities	6.3	-	6.3	37.7	-	37.7
Non-current liabilities	**113.7**	**27.9**	**141.6**	**235.0**	**105.0**	**340.0**
Liabilities	**419.1**	**27.9**	**447.0**	**562.8**	**105.0**	**667.8**
Share capital	8.0	-	8.0	8.0	-	8.0
Capital reserves	893.4	-	893.4	995.0	-	995.0
Retained earnings	115.3	41.2	156.5	1,027.3	28.9	1,056.2
Foreign currency translation reserve	(105.4)	0.8	(104.6)	(96.2)	1.8	(94.4)
Treasury shares	(72.1)	-	(72.1)	(51.5)	-	(51.5)
Equity attributable to the shareholders of the Company	**839.2**	**42.0**	**881.2**	**1,882.6**	**30.7**	**1,913.3**
Liabilities and equity	**1,258.3**	**69.9**	**1,328.2**	**2,445.4**	**135.7**	**2,581.1**

29. Summary of significant accounting policies

29.1. 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 assets/liabilities. Actual results in future periods could differ from such estimates. Estimates and assumptions are mainly used in the following areas of the consolidated financial statements and are disclosed in the corresponding notes:

- determining fair values of financial instruments (notes 29.2.6 and 10.5)
- determining whether the Group controls another entity (notes 29.2.1, 11, 24 and 25)
- accrual of performance fees (notes 29.2.3 and 1)
- measurement and timing of provisions (notes 29.2.10 and 15)
- measurement of defined benefit pension plan obligations (notes 29.2.15 and 16)
- utilisation of tax losses and measurement of deferred tax assets (notes 29.2.14 and 12.1)
- determining the fair value of share-based payments (notes 29.2.16 and 22)
- determining the fair value of consideration transferred (including contingent consideration) and the fair value of the assets acquired and liabilities assumed (notes 29.2.9 and 10.5)
- determining the carrying amount of the financial liability for performance fees attributable to external interests (notes 29.2.6 and 10.5)
- measurement of lease liability (notes 29.2.8 and 13)
- measurement of the recoverable amount of goodwill and other intangible assets (notes 29.2.9 and 13)

29.2. Accounting policies

All Group companies apply uniform accounting policies, which remained consistent with the previous year, except for the application of new standards and various amendments to existing standards for the first time in 2019. The adoption of these accounting pronouncements had no significant impact on the consolidated financial statements of the Group, except for the following.

IFRS 16 – Leases

IFRS 16 became effective 1 January 2019, replacing IAS 17 Leases, SIC-15, SIC-27 and IFRIC 4. The new standard includes the following changes to lease accounting:

Recognition of all leases is required on the balance sheet in the form of a right-of-use asset and a lease liability (discounted future lease payments). As a result, a lessee is now required to recognise depreciation of the right-of use asset and interest on the discounted lease liability. The future rental payments are capitalised as right-of-use assets. A lessee is 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 Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group presents right-of-use assets in the balance sheet line item 'property and equipment', sublease receivables are presented in the line item 'trade and other receivables' and lease liabilities as financial liabilities.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases and therefore applies IFRS 16 only to contracts that were previously identified as leases.

IFRS 16 is required to be applied for annual periods beginning on or after 1 January 2019. The Group applied the 'modified retrospective approach' and under the transition method chosen, the cumulative effect of initially applying this standard is recognised as an adjustment to the opening balance of retained earnings on 1 January 2019, with the benefit of certain optional practical reliefs. Therefore, comparative information is not restated.

Under this approach, right-of-use assets are recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application of IFRS 16. The impact of this standard on the Group's consolidated financial statements is as follows:

- There is no impact on the opening balance of retained earnings as at 1 January 2019 and comparative information is not restated.

- As at 1 January 2019, based on the Group's incremental borrowing rate, the Group recognised lease liabilities of CHF 76.5 million, right-of-use assets of CHF 76.7 million, mainly for real estate leases and a sublease receivable of CHF 1.6 million.
- The right-of-use assets consist of CHF 76.5 million relating to the initial recognition of right-of-use assets (equal to the financial lease liability) and a credit of CHF 1.6 million relating to the recognition of the sublease agreement. In addition, it includes CHF 3.7 million relating to provisions for reinstatement of leasehold improvements which have been reclassified from leasehold improvements as part of the cost of the right-of-use assets, partially offset by CHF 1.9 million which include rent-free periods in the amount of CHF 2.2 million and prepaid rent of CHF 0.3 million, which have been reclassified from accrued expenses and prepaid expenses respectively.
- IFRS 16 changes the nature of expenses related to any leases replacing the operating lease expenses with a depreciation charge for right-of-use assets (2019: CHF 10.9 million, including depreciation for the reclassified provisions for reinstatement of leasehold improvements which already existed in prior year) and an interest expense for the unwinding of the discount effect on lease liabilities (2019: CHF 1.5 million). Consequently, in the Group's consolidated income statement, general expenses decrease due to lower occupancy expenses while depreciation and amortisation as well as interest expenses (reported in the line item 'net other income') increase.
- IFRS 16 does not have any effect on the total amount of cash flows reported. However, IFRS 16 has an effect on the presentation of cash flows related to former off-balance sheet leases.
- More extensive disclosures relating to lease agreements are made in the Group's annual consolidated financial statements.

The differences between operating lease commitments disclosed applying IAS 17 as at 31 December 2018 and lease liabilities recognised in the balance sheet as at the date of initial application (1 January 2019) were as follows:

	CHF m
Operating lease commitments at 31 December 2018	71.6
Discounted using the incremental borrowing rate at 1 January 2019	(10.7)
Recognition exemption for short-term leases	(1.8)
Recognition exemption for low-value leases	(0.4)
Extension options reasonably certain to be exercised	17.8
Lease liability recognised at 1 January 2019	76.5

The weighted average incremental borrowing rate applied to lease liabilities recognised in the balance sheet as at the date of initial application, 1 January 2019, is 2.0%.

Plan amendment, curtailment or settlement – Amendments to IAS 19
The amendment to IAS 19 was published in February 2018 and is required to be prospectively applied for annual periods beginning on or after 1 January 2019. The new standard includes the following changes to pension accounting:

When a defined benefit plan is amended, curtailed, or settled during a reporting period, the entity is currently required to update the assumptions about its obligation and the fair value of its plan assets in order to calculate costs related to these changes. Under the amendments to IAS 19 – Employee Benefits, the entity is required to use the updated information to determine current service cost and net interest for the period followed by these changes.

29.2.1. 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.

29.2.2. Foreign currency translation
The Group companies prepare their financial statements in their respective functional currency. Assets and liabilities of the Group companies that have a non-Swiss franc functional currency 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 currencies different to their respective functional currency 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 financial assets at fair value through profit or loss are a component of the change in their fair value.

29.2.3. Income recognition
Revenue is measured based on the consideration specified in a contract with a client and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a service to a client. The Group accounts for the services as a single performance obligation as it is providing a series of distinct services that are substantially the same and have the same pattern of transfer (the services transfer to the clients over time and use the same method to measure progress, a time-based measure of progress). Therefore, the performance obligation is generally satisfied over time as investment management, advisory and other fund-related services are provided.

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

In most instances, 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 at a point in time, i.e. crystallisation date, once their value can be determined with a reasonable degree of accuracy and it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

29.2.4. 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.

29.2.5. 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.

29.2.6. Financial instruments
At initial recognition, the Group classifies its financial assets in the following categories on the basis of the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset:
- financial assets at amortised cost; and
- financial assets at fair value through profit or loss.

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.

Financial liabilities are classified in the following categories:
- financial liabilities at fair value through profit or loss, and
- financial liabilities at amortised cost.

All 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.

Except for short-term receivables and payables as well as related accruals, financial instruments are recognised initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets at amortised cost
Debt instruments (e.g. trade receivables, loan receivables, investment in bonds that are not held for trading, investments in term deposits at standard interest rates) that (a) are held within a business model whose objective is to collect the contractual cash flows and (b) have contractual cash flows that are solely payments of principal and interest shall be 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 the financial assets are derecognised or impaired.

Financial assets at fair value through profit or loss
A financial asset is classified and measured at fair value through profit or loss if the financial asset is:
- a held-for-trading financial asset (a derivative that has not been designated in a hedging relationship, or a financial asset that is held for the purposes of short term sale or repurchase)
- a debt instrument that does not qualify to be measured at amortised cost or fair value through other comprehensive income (for example, because the interest cash flows do not represent only compensation for time value and credit risk)
- an equity investment which the entity has not elected to classify as at fair value through other comprehensive income
- a financial asset where the entity has elected to measure the asset at fair value through profit or loss under the fair value option.

Derivatives that are not designated in a hedging relationship 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.

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'.

Financial liabilities
Financial liabilities (e.g. trade payables, loan payables, bank borrowings) are generally classified as subsequently measured at amortised cost using the effective interest method, except for financial liabilities held for trading and derivatives. Gains and losses are recognised in the income statement through the amortisation process and when the financial liabilities are derecognised. Changes in the carrying amount of the liability for performance fees attributable to external interests due to revised estimates of future payments are recognised in the income statement in 'net other income'.

A financial liability at fair value through profit or loss is a financial liability that meets one of the following conditions:
- it meets the definition of held for trading
- upon initial recognition it is designated by the Group as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss, including deferred consideration liabilities recognised in relation to a business combination, are subsequently 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'.

Expected credit losses (impairment)
A loss allowance for expected credit losses is recognised on a financial asset that is measured at amortised cost or at fair value through other comprehensive income or a lease receivable.

At each reporting date, the loss allowance for a financial instrument is measured at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month expected credit losses.

Hedge accounting
As permitted by IFRS 9, the Group has not yet adopted the new hedge accounting requirements of IFRS 9 and continues to apply the hedge accounting requirements of IAS 39.

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.

29.2.7. Property and equipment
Property and equipment include IT hardware, communication systems, leasehold improvements as well as furniture and 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 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 right-of-use asset and depreciated as such. 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. 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 in the income statement if the carrying amount exceeds the recoverable amount.

29.2.8. Leasing
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and the lease liability at the present value of the lease payments that are not paid at that date. The right-of-use asset is subsequently depreciated using the straight-line method until the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or, upon the occurrence of either a significant event or a significant change in circumstances that is within GAM's control, if the Group changes its assessment of whether it is reasonably certain that it will exercise a purchase, extension or termination options.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'financial liabilities' in the balance sheet.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. As a practical expedient, the group has elected, for each class of underlying asset, not to separate non-lease components (e.g. maintenance, administrative or insurance costs) from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

29.2.9. 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, but tested for impairment annually, and whenever there is an indication of impairment, at the cash-generating-unit level and an impairment loss is recognised if the recoverable amount is less than its carrying amount.

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

Investment management and client contracts: This comprises long-term investment management and client contracts from business combinations. Investment management and client contracts are amortised over their estimated useful life up to a maximum period of ten years using the straight-line method.

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 in the income statement if the carrying amount exceeds the recoverable amount.

29.2.10. Provisions and contingent liabilities

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 embodying economic benefits and the amount of which can be reliably estimated. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation as of the balance sheet date, taking into account the risks and uncertainties related to the obligation.

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. The present obligation to be recognised, being the unavoidable cost of meeting the obligations under the contract, is the lower of the cost of terminating the contract and the net cost of continuing with the contract. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

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.

Contingent liabilities are not recognised in the balance sheet, but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is estimated to be remote.

29.2.11. 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.

29.2.12. 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.

An entity may enter into a derivative contract for the purchase or sale of shares of GAM Holding AG. Depending upon the nature of the contract and the settlement terms in particular, such contracts may be accounted for as equity instruments, financial liabilities or as derivative financial assets and liabilities. When the entity determines whether a financial instrument is a financial liability or an equity instrument, it considers the following:

- Contracts over shares of the Company that require settlement in a fixed number of shares for a fixed amount are recognised as equity instruments 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 settled net in cash or settled net 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'.

29.2.13. Non-current assets or disposal groups (assets and liabilities) held for sale

Non-current assets or disposal groups (i.e. a group of assets and liabilities associated with those assets) 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'.

29.2.14. 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 are expected to 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, relate to 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.

29.2.15. 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) minus the employee contributions and are recognised in the income statement in personnel expenses.

Remeasurements of the net defined benefit liability, 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.

29.2.16. 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.

Conditions that determine whether the counterparty receive the share-based payment are separated into vesting conditions and non-vesting conditions. Vesting conditions are all conditions that determine whether the entity receives the services that entitle the counterparty to the share-based payment, and may be differentiated further between service or performance conditions. Performance conditions are either market conditions or non-market performance conditions. All other conditions are considered non-vesting conditions.

The modified grant-date method requires entities to distinguish between the above-mentioned vesting and non-vesting conditions:
- Market conditions are reflected as an adjustment (discount) to the initial estimate of fair value at grant date of the instrument to be received and there is no true up for differences between estimated and actual vesting due to market conditions.
- The impact of service conditions and non-market performance conditions on vesting is estimated at grant date, but it is not reflected in the grant-date fair value itself. Instead, the accounting for the share-based payment is based on the number of equity instruments for which the service and non-market performance conditions are expected to be met. Subsequently these estimates are trued up for differences between the number of instruments expected to vest and the actual number of instruments vested.

Share-based payment plans that are settled in own equity instruments (shares or options) result in an offsetting credit 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.

29.2.17. 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.

29.3. New standards and interpretations not yet adopted
Certain new standards, revisions and interpretations of existing standards have been published that have to 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.

STATUTORY AUDITOR'S REPORT

KPMG

Statutory Auditor's Report

To the General Meeting of GAM Holding AG, Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of GAM Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 101 to 164) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Recognition of net fee and commission income

Assessment of impairment of goodwill and other intangible assets

Provision and disclosures for conduct risk, legal matters and regulatory actions

Restatement of Consolidated Financial Statements in relation to the acquisition of Cantab Capital Partners

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion Thereon, and we do not provide a separate opinion on these matters.

KPMG

Recognition of net fee and commission income

Key Audit Matter	Our response
Net fee and commission income is an area of focus due to the size and importance of net revenues to GAM's results. The fact that fees are based on diverse fee arrangements on different terms leads to the risk that such fees may be incorrectly calculated and/or recognised in the wrong period. In addition, the involvement of external service providers is adding complexity to the underlying processes. Management fees and commissions are generally calculated as a fixed percentage of Asset under Management, net of any rebates and distribution costs. Management fees vary across different funds and portfolios. Distribution costs and rebates also vary across different distribution partners, funds and portfolios. Performance fees are inherently more complex as judgement can be required in the determination whether performance criteria have been met. Performance fees are only earned once the investment performance exceeds the pre-defined levels and crystallisation periods are passed.	Our audit procedures included detailed walkthroughs of GAM's in-house management and performance fee income, rebate and distribution cost related processes and testing the design and implementation as well as effectiveness of key controls identified (including general IT controls). We read independent third party reports where functions are outsourced to external services providers, such as fund administrators, and determined whether they were appropriate for our purposes. Where the reports did not cover the full financial year we obtained bridging letters from the Administrator to confirm that the relevant controls operated consistently over the remaining period and that no deficiencies have been identified. On a sample basis, we agreed fee rates, rebates and distribution charges to underlying contracts. We conducted analytical procedures on data on Assets under Management, fees and charges obtained from source systems of GAM and the Administrators. We independently recalculated management and performance fee income, rebates and distribution costs, performed cut-off testing and re-assessed whether performance criteria were met.

For further information on the recognition of net fee and commission income refer to notes 1 and 29.2.3 to the consolidated financial statements on pages 106 and 159.

KPMG

Assessment of impairment of goodwill and other intangible assets

Key Audit Matter

As at 31 December 2019, total goodwill and other intangibles on GAM's balance sheet amounted to CHF 713.1m (2018: CHF 724.5m), which equates to 54% of total assets (2018: 53%) and mainly includes goodwill (CHF 388.8m), investment management and client contracts (CHF 35.6m) and brand (CHF 273.0m).

The recoverability of goodwill and brand is highly dependent on GAM's ability to generate positive cash flows in the future.

Goodwill and brand are together assessed for impairment on an annual basis, or when there are indications of impairment, by estimating the current value in use of GAM's business and comparing this value with the carrying value.

Investment management and client contracts (IMCCs) are monitored for indications for impairment. Whenever there are indications for impairment, the recoverable amount is estimated and compared with the carrying value.

These estimations require judgement about projected future cash-flows and the discount rate used.

Current year's assessment by management showed that no impairment of goodwill and brand was required. For IMCCs, management concluded that an impairment in the amount of CHF 7.8m is required.

Our response

Amongst other audit procedures, we tested the mathematical accuracy of the valuation and the key inputs to the model used by:

- Comparing the cash flow forecasts to the latest budget and five-year financial planning approved by the Board of Directors;
- Assessing the reasonableness of cash flow forecasts by back-testing historical forecasts to actual results and discussing the future outlook with management;
- Conducting sensitivity analysis taking into account the historical forecasting accuracy of the Group;
- Challenging growth rates by reference to economic and industry forecasts and historical results; and
- Challenging discount rates by comparing them to the cost of capital for the Group.

We compared the sum of projected discounted cash flows to the market capitalisation of the Group. We further recalculated the difference between the carrying value and GAM's valuation of goodwill and other intangibles to test whether there was sufficient headroom or that an appropriate impairment is recognised.

We further considered the appropriateness of disclosures in relation to goodwill and other intangible assets and the impairment of IMCCs.

We used our own valuation specialists to support our procedures.

For further information on the assessment of impairment of goodwill and other intangibles refer to notes 13 and 29.2.9 to the consolidated financial statements on pages 122 to 125 and 162.

KPMG

Provisions and disclosures for conduct risk, legal matters and regulatory actions

Key Audit Matter

GAM is exposed to the risk of conduct related and legal matters as well as regulatory actions, which could give rise to the need to recognise material provisions or, in case they do not qualify for the recognition of a provision, to disclose contingent liabilities.

In assessing and measuring provisions or contingent liabilities, significant management judgement is required in respect to the probability and the estimation of potential financial outcomes based on available information. These outcomes are also dependent on regulatory and legal processes.

Therefore, provisions recognized and contingent liabilities disclosed are subject to inherent uncertainty. In addition, there is an inherent risk that conduct risk, legal matters and regulatory actions may not be identified and considered for financial reporting purposes on a timely basis.

Our response

Our procedures included amongst others developing an understanding of GAM's processes and key controls for identifying and assessing the impact of conduct risk, legal matters and regulatory actions.

We reviewed the minutes of GAM's key governance meetings (i.e. Board of Directors, Audit Committee and Group Management Board) and attended GAM's Audit Committee meetings.

We discussed such matters with management and obtained written representations and access to relevant documents, including lawyers' letters from external counsels and regulatory correspondence, in order to develop our understanding of the matters. In relation to such matters we challenged management's judgement as to whether there is potential material financial exposure for the Group, and if so, the amount of any provision required by considering the range of reasonably possible outcomes. We further discussed and assessed the presentation of related expenses and recoveries in the reconciliation between IFRS and underlying profit.

Where management determined that it is more likely than not that no present obligation exists or where management was not able to reliably estimate the possible financial impact, we assessed the appropriateness of management's conclusion.

Additionally, we evaluated whether the Group's disclosures around the application of judgement in estimating provisions and contingent liabilities are complete and accurate.

For further information on the assessment of contingent liabilities and provisions, refer to notes 23.2 and 29.2.10 to the consolidated financial statements on pages 151 and 162.

KPMG

Restatement of Consolidated Financial Statements in relation to the acquisition of Cantab Capital Partners

Key Audit Matter

Based on the decision of the Sanctions Commission of SIX Exchange Regulation dated 29 January 2020, the Group restated its comparative amounts for 2018 and the opening balance as of 1 January 2018. The restatement relates to the recognition of future performance fee payments following GAM's acquisition of Cantab Capital Partners LLP ("Cantab") in 2016. In this regard, the Group should have recognised a financial liability at its acquisition date fair value. At each subsequent reporting date, the financial liability should have been re-measured with any adjustments being recognised directly in the income statement. As a consequence of recognising this financial liability in the original purchase price allocation, an adjustment was also required to the values of IMCCs and goodwill in relation to the acquisition.

The restatement led to a reduction in loss before tax by CHF 12.3m for 2018, an increase in non-current assets by CHF 69.9m as of 31 December 2018 (CHF 135.7m as of 1 January 2018), an increase in non-current financial liabilities by CHF 27.9m as of 31 December 2018 (CHF 105.0m as of 1 January 2018) and an increase in equity by CHF 42.0m as of 31 December 2018 (CHF 30.7m as of 1 January 2018).

The restatement has a material impact on the comparative amounts for 2018 and the opening balance as of 1 January 2018 and the related fair value measurement is complex and involves judgement.

Our response

Amongst other audit procedures, we evaluated the reasonableness of the valuation model and the adequacy of the discount rate used in the fair value measurement of the financial liability at the date of the acquisition of Cantab by considering alternative valuation models and assessing the appropriateness of such models for this specific case and challenging the discount rate by comparing it to relevant benchmarks. We also tested whether performance fee assumptions were applied consistently and recalculated the amended purchase price allocation and the adjustments to IMCCs and goodwill.

We further examined the re-measurement of the financial liability in subsequent periods to corroborate whether the valuation model, the discount rate and performance fee assumptions were applied consistently.

We also tested whether the financial liability and the amended IMCC and goodwill balances were considered correctly in the respective impairment tests for subsequent periods.

Additionally, we evaluated whether the presentation and disclosure of the restatement is appropriate.

We used our own IFRS and valuation specialists to support our procedures.

For further information on the restatement of the consolidated financial statements in relation to the acquisition of Cantab, refer to note 28.1 to the consolidated financial statements on pages 154 to 156.

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the compensation report and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit 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 Group’s internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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

Thomas Dorst Licensed Audit Expert Auditor in Charge	Mirko Liberto Licensed Audit Expert

Zurich, 19 February 2020

KPMG AG, Räffelstrasse 28, PO Box, CH-8036 Zurich

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT

	Note	2019 CHF m	2018 CHF m	Change in %
Income from investments		3.1	38.3	(92)
Finance income		2.6	2.6	0
Recharges to affiliated companies		17.5	27.6	(37)
Other income		6.5	-	-
Income		**29.7**	**68.5**	**(57)**
Personnel expenses	2.2	15.2	(9.7)	257
General expenses		12.3	14.2	(13)
Finance expenses	2.3	3.3	4.7	(30)
Impairment loss	2.7	-	805.5	(100)
Expenses		**30.8**	**814.7**	**(96)**
Loss before taxes		**(1.1)**	**(746.2)**	**100**
Direct taxes		0.1	0.5	-
Net loss		**(1.2)**	**(746.7)**	**100**

BALANCE SHEET

	Note	31.12.2019 CHF m	31.12.2018 CHF m	Change in %
Cash and cash equivalents		25.9	30.4	(15)
Securities listed on a stock exchange		18.1	66.0	(73)
Trade and other receivables	2.4	41.8	16.6	152
Accrued income and prepaid expenses	2.5	13.5	42.9	(69)
Loans	2.6	8.0	-	-
Other financial assets		1.5	2.5	(40)
Current assets		**108.8**	**158.4**	**(31)**
Loans	2.6	115.5	37.8	206
Investments in subsidiaries	2.7	878.7	878.7	0
Non-current assets		**994.2**	**916.5**	**8**
Assets		**1,103.0**	**1,074.9**	**3**
Loans	2.8	14.5	15.0	(3)
Accrued expenses and deferred income	2.9	10.8	8.9	21
Other liabilities	2.10	14.7	12.8	15
Current liabilities		**40.0**	**36.7**	**9**
Share capital		8.0	8.0	0
Legal capital reserves				
Capital contribution reserve	2.11	893.4	893.4	0
Legal retained earnings				
General legal retained earnings		5.3	5.3	0
Voluntary retained earnings				
Net loss		(1.2)	(746.7)	100
Other voluntary reserve		183.7	930.4	(80)
Treasury shares				
Treasury shares from capital contribution reserve	2.12	-	(11.1)	100
Other treasury shares	2.12	(26.2)	(41.1)	36
Shareholders' equity		**1,063.0**	**1,038.2**	**2**
Liabilities and shareholders' equity		**1,103.0**	**1,074.9**	**3**

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. Where not prescribed by law, the significant accounting and valuation principles applied are described below.

1.2 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 valuation adjustment reserve has not been recognised. Net unrealised gains are recorded in finance income, net unrealised losses are recorded in finance expenses.

1.3 Treasury shares
Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition.

1.4 Share-based payments
If treasury shares are used to meet share delivery obligations under GAM Holding AG's various share-based payment plans, 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 respective employee the expenses according to IFRS 2 and recognises them as recharges to affiliated companies in the income statement.

1.5 Income from investments
In 2018, dividend income from subsidiaries was accrued for in GAM Holding AG in the same period as the corresponding income was earned at the relevant subsidiary and was recognised in the income statement as income from investments.

1.6 Investments in subsidiaries
Investments in subsidiaries are measured at historical costs. If there are indications of impairment, the carrying amount of investments in subsidiaries is compared to their recoverable amount, reflecting the lower of value in use and fair value less costs of disposal. Any difference between the carrying amount and the lower recoverable value is recognised as an impairment loss.

2. Information on balance sheet and income statement items

2.1 Definitions

The term ‘Other Group companies’ is used for all other entities within the GAM Group of which GAM Holding AG is not the direct shareholder.

2.2 Personnel expenses

	2019 CHF m	2018 CHF m	Change in %
Salary and bonuses	7.4	10.7	(31)
Social security expenses	0.6	0.6	0
Pension plan expenses	0.8	1.1	(27)
Share-based payments	5.9	(22.5)	-
Other personnel expenses	0.5	0.4	25
Personnel expenses	**15.2**	**(9.7)**	**-**

2.3 Finance expenses

	2019 CHF m	2018 CHF m	Change in %
Loss on financial investments	2.5	3.4	(26)
Foreign exchange losses	-	0.6	(100)
Interest expenses	0.4	0.3	33
Other finance expenses	0.5	0.4	25
Finance expenses	**3.3**	**4.7**	**(30)**

2.4 Trade and other receivables

	31.12.2019 CHF m	31.12.2018 CHF m	Change in %
Third parties	0.8	0.6	33
Direct subsidiaries	0.2	-	-
Other Group companies	40.8	16.0	155
Trade and other receivables	**41.8**	**16.6**	**152**

2.5 Accrued income and prepaid expenses

	31.12.2019 CHF m	31.12.2018 CHF m	Change in %
Third parties	7.3	0.2	-
Direct subsidiaries	0.1	38.4	(100)
Other Group companies	6.1	4.3	42
Accrued income and prepaid expenses	**13.5**	**42.9**	**(69)**

2.6 Loans

	31.12.2019 CHF m	31.12.2018 CHF m	Change in %
Direct subsidiaries < 1 year	8.0	-	-
Direct subsidiaries > 1 year	115.5	37.8	206
Loans	**123.5**	**37.8**	**227**

2.7 Direct subsidiaries and other Group companies

	Country of incorporation	31.12.2019 Equity interest in %	31.12.2018 Equity interest in %
GAM Group AG	Switzerland	100	100
GAM Capital Management (Switzerland) AG (including branch office in Lugano)	Switzerland	-	100
GAM Limited	Bermuda	100	100
GAM GP Inc.	British Virgin Islands	100	100
GAM (UK) Limited	UK	100	100
GAM Investment Managers Limited	UK	-	100
GAM International Management Limited	UK	100	100
GAM London Limited (including branch office in Israel)	UK	100	100
GAM Sterling Management Limited	UK	100	100
GAM (Guernsey) GP Limited	Guernsey	100	100
Renshaw Bay GP1 Limited	Guernsey	100	100
RB REFS 1 Limited	UK	100	100
RB REFS 2 Limited	UK	100	100
Renshaw Bay GP4 LLP	UK	100	100
GAM Unit Trust Management Company Limited	UK	100	100
GAM Systematic Holding Limited	UK	100	100
Cantab Capital Partners LLP	UK	100	100
GAM Systematic Services Limited	UK	100	100
Cantab Capital (Cayman) Limited	Cayman	100	100
GAM Fund Management Limited	Ireland	100	100
GAM Investment Management Singapore Pte. Ltd.	Singapore	100	100
GAM Hong Kong Limited	Hong Kong	100	100
GAM Japan Limited	Japan	100	100
GAM USA Inc.	USA	100	100
GAM Services Inc.	USA	100	100
GAM US Holding Inc.	USA	-	100
GAM (Switzerland) Holding AG	Switzerland	100	100
GAM Investment Management (Switzerland) AG (including a branch office in Lugano)	Switzerland	100	100
GAM (Italia) SGR S.p.A.	Italy	100	100
GAM (Luxembourg) S.A. (including branch office in Spain, Austria and France)	Luxembourg	100	100
GAM Trade Finance S.à.r.l.	Luxembourg	100	100
GAM REFF II GP S.à.r.l.	Luxembourg	100	100
GAM (Deutschland) GmbH	Germany	100	100
GAM Investments (Australia) Pty Ltd	Australia	100	100
GAM Employee Benefit Trust	Jersey	-	-

Changes to Group companies

In 2019, GAM Investment Managers Limited, UK, and GAM US Holding Inc., USA were liquidated.
GAM Capital Management (Switzerland) AG has been merged into GAM Investment Management (Switzerland) AG.

Impairment loss on investments in subsidiaries

In relation to the impairment loss on goodwill recognised in the consolidated financial statements an impairment loss on investments in subsidiaries of CHF 805.5 million was recognised in 2018. No impairment loss on investments in subsidiaries was recognised in 2019.

2.8 Loans

	31.12.2019 CHF m	31.12.2018 CHF m	Change in %
Direct subsidiaries < 1 year	14.5	15.0	(3)
Loans	**14.5**	**15.0**	**(3)**

2.9 Accrued expenses and deferred income

	31.12.2019 CHF m	31.12.2018 CHF m	Change in %
Third parties	2.1	3.5	(40)
Direct subsidiaries	0.1	-	-
Other Group companies	8.2	5.0	64
Auditors	0.4	0.4	0
Accrued expenses and deferred income	**10.8**	**8.9**	**21**

2.10 Other liabilities

	31.12.2019 CHF m	31.12.2018 CHF m	Change in %
Third parties	6.3	6.4	(2)
Direct subsidiaries	-	0.1	(100)
Other Group companies	8.4	6.3	33
Other liabilities	**14.7**	**12.8**	**15**

2.11 Capital contribution reserve

	CHF m
Balance at 1 January 2018	**995.0**
Distribution to shareholders	(101.6)
Balance at 31 December 2018	**893.4**
Distribution to shareholders	0.0
Balance at 31 December 2019	**893.4**

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.

2.12 Treasury shares

	Number of shares	Average price CHF	Highest price CHF	Lowest price CHF	Total value CHF m
Balance at 1 January 2018	**3,361,073**	**12.86**			**43.3**
Delivery of shares in relation to share-based payments	(539,369)	11.00			(6.0)
Purchase of treasury shares to cover share-based payments	960,726	15.56	18.04	8.66	14.9
Balance at 31 December 2018	**3,782,430**	**13.81**			**52.2**
Delivery of shares in relation to share-based payments	(2,017,930)	12.91			(26.0)
Balance at 31 December 2019	**1,764,500**	**14.84**			**26.2**

As at 31 December 2019, there were no shares held from the capital contribution reserve.

Shares are cancelled at purchase cost. Therefore, the valuation of treasury shares differs from the Group’s consolidated financial statements.

3. Other information

3.1 Contingent liabilities

	31.12.2019 CHF m	31.12.2018 CHF m
Guarantee obligations in favour of Group companies	4.4	5.8

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 Authorised capital

	Registered shares (CHF 0.05 par)	
	Number	CHF m
Resolution of the Annual General Meeting on 26 April 2018	15,968,240	0.8

3.3 Personnel

	2019	2018
Average number of full-time equivalents	22.7	23.5

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 2019.[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%**
Credit Suisse Funds AG[4]	5.07%	-	**5.07%**
Schroders plc[5]	5.07%	-	**5.07%**
T. Rowe Price Associates Inc.[6]	4.96%	-	**4.96%**
Kiltearn Partners LLP[7]	4.92%	-	**4.92%**
Norges Bank (the Central Bank of Norway)[8]	3.02%	-	**3.02%**
Mario J. Gabelli[9]	1.65%	1.38%	**3.02%**
Dimensional Holdings Inc.[10]	3.00%	-	**3.00%**
GAM Holding AG[11]	2.56%[12]	-	**2.56%**

[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] Credit Suisse Funds AG, Zurich, Switzerland (as at 15 November 2019).

[5] Schroders plc, London, UK (as at 13 December 2019).

[6] T. Rowe Price Associates Inc., Baltimore, USA (as at 8 November 2017).

[7] Kiltearn Partners LLP, Edinburgh, UK (as at 1 March 2018).

[8] Norges Bank (the Central Bank of Norway), Oslo, Norway (as at 27 June 2019).

[9] Mario J. Gabelli, New York, USA (as at 14 November 2018).

[10] Dimensional Holdings Inc., c/o Corporation Service Comp, Wilmington, Delaware, USA (as at 8 March 2017).

[11] GAM Holding AG, Zurich, Switzerland (as at 31 December 2018).

[12] As at 31 December 2019, GAM Holding AG also had a sale position (representing obligations to deliver shares to employees under share-based payment awards) of GAM Holding AG shares of 6.87% of shares in issue. For further details, please refer to note 22 of the consolidated financial statements.

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 2018.[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%**
Credit Suisse Funds AG[4]	4.99%	-	**4.99%**
T. Rowe Price Associates Inc.[5]	4.96%	-	**4.96%**
Kiltearn Partners LLP[6]	4.92%	-	**4.92%**
BlackRock Inc[7]	3.00%[8]	0.07%	**3.07%**
Kabouter Management LLC[9]	3.04%	-	**3.04%**
Mario J. Gabelli[10]	1.65%	1.38%	**3.02%**
Dimensional Holdings Inc.[11]	3.00%	-	**3.00%**
GAM Holding AG[12]	2.90%[13]	-	**2.90%**

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 Credit Suisse Funds AG, Zurich, Switzerland (as at 29 November 2018).

5 T. Rowe Price Associates Inc., Baltimore, USA (as at 8 November 2017).

6 Kiltearn Partners LLP, Edinburgh, UK (as at 1 March 2018).

7 BlackRock Inc., New York, USA (as at 15 November 2018).

8 BlackRock Inc. reported on 15 November 2018 a sale position of GAM Holding AG shares of 0.004% of shares in issue.

9 Kabouter Management LLC, Chicago, Illinois, USA (as at 1 June 2017).

10 Mario J. Gabelli, New York, USA (as at 14 November 2018).

11 Dimensional Holdings Inc., c/o Corporation Service Comp, Wilmington, Delaware, USA (as at 8 March 2017).

12 GAM Holding AG, Zurich, Switzerland (as at 31 December 2018).

13 As at 31 December 2018, GAM Holding AG also had a sale position (representing obligations to deliver shares to employees under share-based payment awards) of GAM Holding AG shares of 8.82% of shares in issue. For further details, please refer to note 22 of the consolidated financial statements.

3.5 Share and option holdings of the members of the Board of Directors

	Vested shares [1]		Unvested shares [2]	
	2019	2018	2019	2018
Hugh Scott-Barrett [3]	36,330	28,056	32,954	15,693
Diego du Monceau [4]	-	26,025	-	6,277
Benjamin Meuli	32,973	27,176	23,584	6,277
Nancy Mistretta	17,093	12,397	23,584	6,277
Ezra Field [4]	-	12,397	-	6,277
David Jacob [5]	10,355	7,047	38,652	6,277
Monica Mächler [4, 6]	-	-	-	6,277
Katia Coudray [7]	-	-	23,584	-
Jacqui Irvine [7]	-	-	23,584	-
Monika Machon [7]	-	-	23,584	-

[1] The number of vested shares represents shares held by the individual (together with interests held by their connected persons) which are neither subject to performance conditions nor continued employment.

[2] Members of the Board of Directors have an outstanding entitlement to 23,584 unvested shares that were awarded after AGM 2019 and which will vest on the day before the Company's 2020 AGM. The Chairman of the Board of Directors has an entitlement to 47,169 unvested shares that were granted on an equivalent basis.

[3] Hugh Scott-Barrett stepped down as Chairman of the Board of Directors on 30 September 2019 and therefore forfeited 14,215 GAM Holding AG shares.

[4] Diego du Monceau, Ezra Field and Monica Mächler resigned as members of the Board of Directors at the 2019 AGM.

[5] David Jacob assumed the role of Chairman of the Board of Directors on 1 October 2019 and therefore was awarded the right to receive 15,068 GAM Holding AG shares for his new role. This amount is in addition to the 23,584 GAM Holding AG shares he was awarded on 9 May 2019 as a member of the Board of Directors.

[6] Monica Mächler forfeited her right to the unvested shares before the 2019 AGM.

[7] Katia Coudray, Jacqui Irvine and Monika Machon were elected as members of the Board of Directors at the 2019 AGM.

3.6 Share and option holdings of the members of the Group Management Board

	Vested shares [1]		Unvested shares [2, 3]	
	2019	2018	2019	2018
Alexander S. Friedman [6]	-	58,421	-	288,862
Peter Sanderson [4, 5]	-	-	239,617	-
Richard McNamara [4]	62,165	45,117	58,169	90,508
Larry Hatheway [6]	-	12,758	-	98,793
Tim Dana [6]	-	12,906	-	47,389
Martin Jufer	10,987	-	67,687	33,796
Tim Rainsford	71,355	31,696	240,780	180,531
Elmar Zumbuehl	10,504	5,721	52,848	20,546
Rachel Wheeler [6]	-	-	72,022	-
Matthew Beesley [6]	1,495	-	121,618	14,075

[1] The number of vested shares represents shares held by the individual (together with interests held by their connected persons) which are neither subject to performance conditions nor continued employment.

[2] Unvested shares reflects the number of shares which will normally vest to the individual subject to continued employment at the relevant vesting date. This includes shares that are deferred under the annual bonus plan and one-time share awards granted at recruitment.

[3] Unvested shares does not include unexercised options or unvested performance shares. These are excluded as the number of options that become exercisable or performance shares that vest will be dependent upon share price performance and/or GAM's performance against specific performance criteria as well as continued employment until the relevant vesting date.

[4] Against the total shareholding requirements based on vested shares only and the share price as at 30 December 2019 of CHF 2.80, Peter Sanderson is currently at 45% of target and Richard McNamara is currently at 26% of target.

[5] Peter Sanderson joined the Group Management Board on 1 September 2019.

[6] Alexander S. Friedman stepped down as Group CEO and member of the Group Management Board on 6 November 2018. Larry Hatheway and Tim Dana stepped down from the Group Management Board on 31 December 2018. Rachel Wheeler joined the Group Management Board in September 2018 and Matthew Beesley joined the Group Management Board in October 2018.

3.7 Share, performance unit 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	Performance units quantity	Fair value CHF m	Options quantity	Fair value CHF m
Granted to members of the	2019	203,741	0.9	-	-	-	-
Board of Directors	2018	53,355	0.8	-	-	-	-
Granted to members of the	2019	757,086	2.8	704,858	0.8	-	-
Group Management Board	2018	310,539	4.9	50,349	0.6	-	-
Granted to other members	2019	1,219,607	4.9	294,142	0.3	-	-
of the staff	2018	621,357	10.1	71,377	0.8	-	-

For further details on share-based payments, please refer to note 22 of the Group's consolidated financial statements.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS AND DISTRIBUTION PAYMENT

	2019 CHF m	2018 CHF m
Net loss	**(1.2)**	**(746.7)**
Appropriation to other voluntary reserve	(1.2)	(746.7)

The Board of Directors proposes to the forthcoming Annual General Meeting the appropriation of the net loss for the year 2019 of CHF 1.2 million to other voluntary reserve and no distribution payment to the shareholders.

The Board of Directors

Zurich, 19 February 2020

Statutory Auditor's Report

To the General Meeting of GAM Holding AG, Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GAM Holding AG, which comprise the balance sheet as at 31 December 2019, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 174 to 186) for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Valuation of investments in subsidiaries

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Valuation of investments in subsidiaries

Key Audit Matter	Our response
The financial statements of GAM Holding AG include significant investments in subsidiaries in the amount of CHF 878.7m (2018: CHF 878.7m). Investments in subsidiaries are valued at the lower of acquisition cost or value in use and are reviewed by management for potential impairment on an annual basis. For the 2019 financial year, management concluded that no impairment is required (2018: impairment charge of CHF 805.5m). The assessment of the value in use requires judgement about projected future cash-flows and the discount rate used.	Our audit procedures included, amongst others, evaluating the methods used in the model for the impairment test, the appropriateness of the assumptions used and comparing the cash flow forecasts to the latest budget and five-year financial planning approved by the Board of Directors. For a sample of investments in subsidiaries we tested the mathematical accuracy of the valuation and ensured consistency to GAM Holding AG's five-year financial planning. We also considered the appropriateness of disclosures in relation to investments in subsidiaries.

For further information on valuation of investments in subsidiaries, refer to note 1.6 to the financial statements on page 176.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

KPMG

— Obtain an understanding of internal control relevant to the audit 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 internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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

Thomas Dorst Licensed Audit Expert Auditor in Charge	Mirko Liberto Licensed Audit Expert

Zurich, 19 February 2020

KPMG AG, Räffelstrasse 28, PO Box, CH-8036 Zurich

FINANCIAL SUMMARY AND SHARE INFORMATION

FIVE-YEAR FINANCIAL SUMMARY

	2019 CHF m	2018 CHF m restated [1]	2017 CHF m restated [1]	2016 CHF m restated [1]	2015 CHF m
Net management fees and commissions	317.1	495.4	503.6	470.5	517.8
Net performance fees	12.8	4.5	44.1	3.0	82.8
Net fee and commission income	**329.9**	**499.9**	**547.7**	**473.5**	**600.6**
Net other (expenses)/income	(3.7)	0.3	2.2	5.1	0.7
Income	**326.2**	**500.2**	**549.9**	**478.6**	**601.3**
Personnel expenses	197.0	239.6	264.6	246.2	290.0
Fixed personnel expenses	139.9	153.9	150.1	155.7	165.1
Variable personnel expenses	57.1	85.7	114.5	90.5	124.9
General expenses	99.6	127.7	106.1	102.9	104.9
Occupancy	8.0	22.2	22.2	25.7	28.6
Technology and communication	19.0	14.1	12.7	13.8	15.1
Data and research	20.7	23.4	17.9	17.5	16.5
Professional and consulting services	18.1	17.6	15.5	10.2	11.7
Marketing and travel	13.9	17.6	18.2	17.8	20.3
Administration	7.0	9.5	8.8	6.1	-
Other general expenses	12.9	23.3	10.8	11.8	12.7
Depreciation and amortisation	19.1	6.2	6.7	9.4	8.6
Expenses	**315.7**	**373.5**	**377.4**	**358.5**	**403.5**
Underlying profit before taxes	**10.5**	**126.7**	**172.5**	**120.1**	**197.8**
Underlying income tax expense	5.6	28.5	35.4	25.9	39.4
Underlying net profit	**4.9**	**98.2**	**137.1**	**94.2**	**158.4**
Acquisition-related items	(12.5)	82.3	36.1	(1.6)	(13.4)
Non-recurring items	3.2	(1,130.1)	(21.2)	2.9	(8.5)
Tax on acquisition-related items	1.3	4.8	6.4	1.5	(0.5)
Tax on non-recurring items	0.3	32.6	4.0	(0.7)	2.3
Non-recurring tax item	(0.7)	(4.6)	-	27.8	-
IFRS net (loss)/profit	**(3.5)**	**(916.8)**	**162.4**	**124.1**	**138.3**
Operating margin (%) [2]	4.3	25.3	31.1	24.3	32.8
Compensation ratio (%) [3]	59.7	47.9	48.3	52.0	48.3
Average personnel (FTEs)	872	932	951	1,023	1,093

[1] Comparative figures have been restated. For further information see consolidated financial statements note 28.1.

[2] (Net fee and commission income - expenses) / net fee and commission income.

[3] Personnel expenses / net fee and commission income.

	2019	2018 restated [1]	2017 restated [1]	2016 restated [1]	2015
Assets under management at the end of the year (CHF bn)	**132.7**	**132.2**	**158.7**	**120.7**	**119.0**
in investment management	48.4 [2]	56.1 [3]	84.4	68.2	72.3
in private labelling	84.3	76.1	74.3	52.5	46.7
Average assets under management (CHF bn)	**135.6**	**154.4**	**138.0**	**117.2**	**123.3**
in investment management	52.6 [4]	76.8 [4]	74.7	68.3	73.7
in private labelling	83.0	77.6	63.3	48.9	49.6
Net flows (CHF bn)	**(10.0)**	**(2.2)**	**24.3**	**(6.4)**	**3.0**
in investment management	(11.1)[5]	(10.5)[5]	8.6	(10.7)	0.3
in private labelling	1.1	8.3	15.7	4.3	2.7
Net management fees and commissions (CHF m)	**317.1**	**495.4**	**503.6**	**470.5**	**517.8**
in investment management	284.9	453.6	463.8	434.4	476.2
in private labelling	32.2	41.8	39.8	36.1	41.6
Total fee margin in investment management (bps)	56.6	59.6	68.0	64.1	75.8
Management fee margin in investment management (bps)	54.2	59.1	62.1	63.6	64.6
Management fee margin in private labelling (bps)	3.9	5.4	6.3	7.4	8.4
Weighted average number of shares outstanding for basic EPS (m)	155.5	155.4	157.0	157.7	159.9
Basic underlying EPS (CHF)	0.03	0.63	0.87	0.60	0.99
Basic IFRS EPS (CHF)	(0.02)	(5.90)	1.03	0.79	0.87
Weighted average number of shares outstanding for diluted EPS (m)	157.0 [6]	156.6 [6]	158.8	157.8	160.8
Diluted underlying EPS (CHF)	0.03	0.63	0.86	0.60	0.98
Diluted IFRS EPS (CHF)	(0.02)	(5.90)	1.02	0.79	0.86
Dividend per share for the financial year (CHF)	-	-	0.65	0.65	0.65

[1] Comparative figures have been restated. For further information see consolidated financial statements note 28.1.

[2] Including CHF 0.3 billion of money market funds as at 31 December 2019, which GAM agreed to sell to ZKB as announced with the H1 2019 results.

[3] Excluding CHF 1.45 billion ARBF-related assets under management in liquidation as at 31 December 2018.

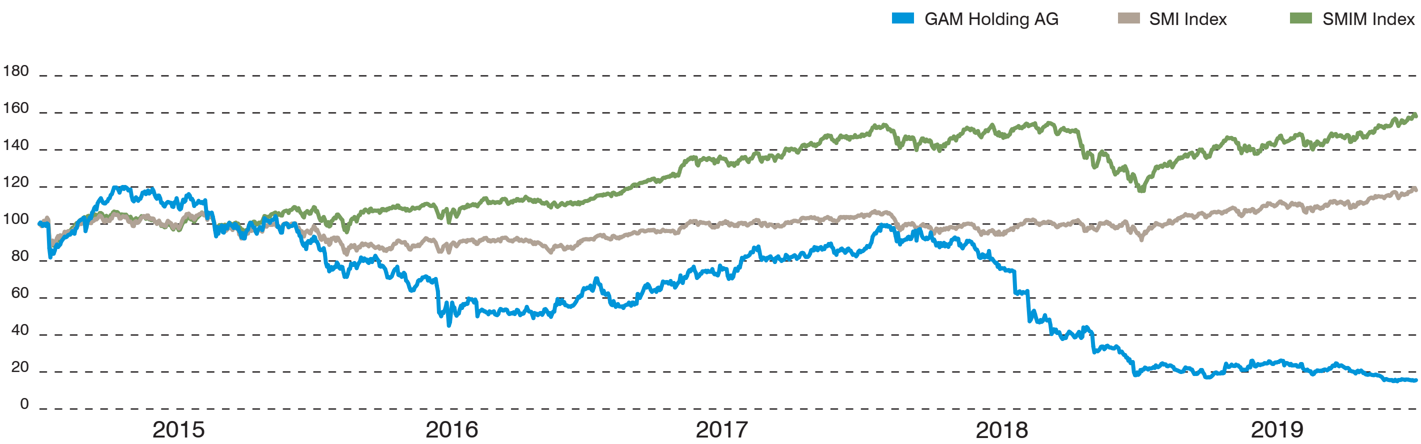
[4] Excluding ARBF-related assets under management since August 2018.

[5] Including ARBF-related net inflows in H1 2018 of CHF 0.3 billion and excluding ARBF-related net flows in H2 2018 and FY 2019, and fund assets liquidated as at 31 December 2018 and 31 December 2019.

[6] As a result of the IFRS net loss reported for 2019 and 2018, for the calculation of the diluted IFRS EPS for 2019 and 2018, the weighted average number of shares outstanding for diluted EPS equals the weighted average number of shares outstanding for basic EPS of 155.5 million for 2019 and 155.4 million for 2018.

SHARE INFORMATION

Share price performance (indexed)



Listing information

Swiss securities number	10265962
ISIN	CH0102659627
Listing	SIX Swiss Exchange

Share information CHF

	2019	2018	Change in %
Closing price at the end of the year	2.80	3.86	(27)
Highest price	4.72	17.92	(74)
Lowest price	2.70	3.29	(18)
Market capitalisation at the end of the year (CHF m) [1]	448	616	(27)

Treasury shares

	31.12.2019	31.12.2018	Change in %
Shares issued	159,682,531	159,682,531	0
Treasury shares	(4,081,341)	(4,627,353)	(12)
Shares outstanding	155,601,190	155,055,178	0

[1] Based on shares issued.

‘Forward-looking statements’

This half-year 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