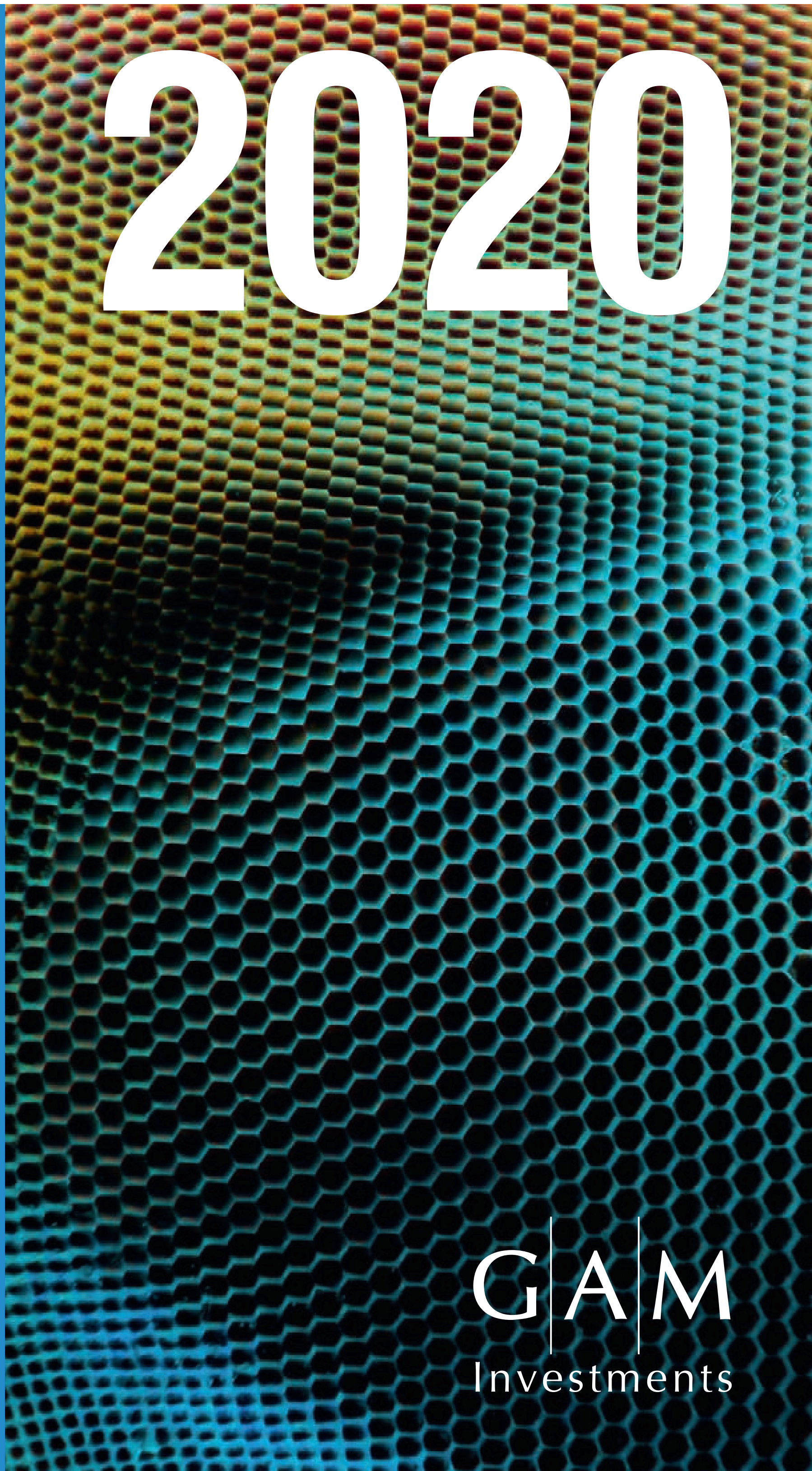
ANNUAL REPORT

2020



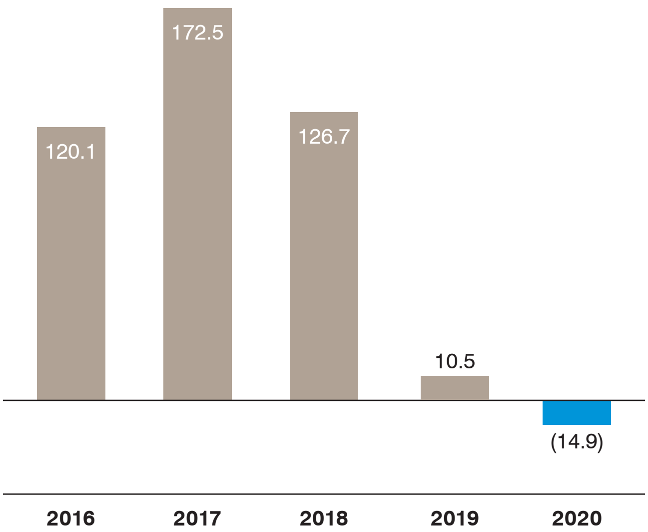
GAM Investments

CONTENTS

KEY FIGURES

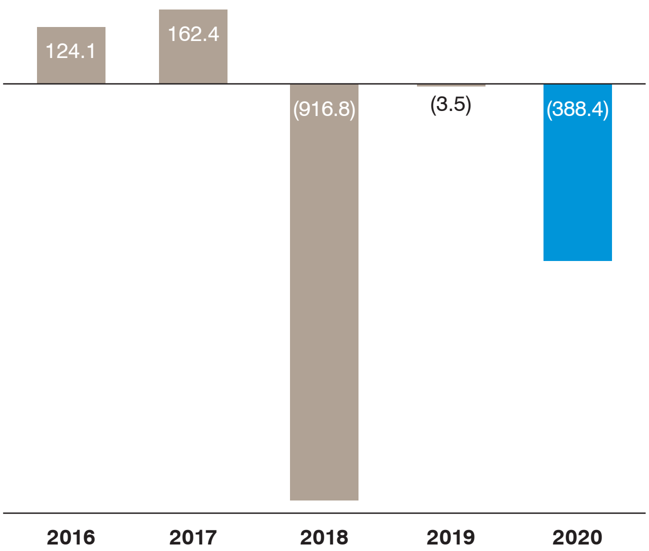
Underlying (loss)/profit before taxes (CHF m)

CHF (14.9) m



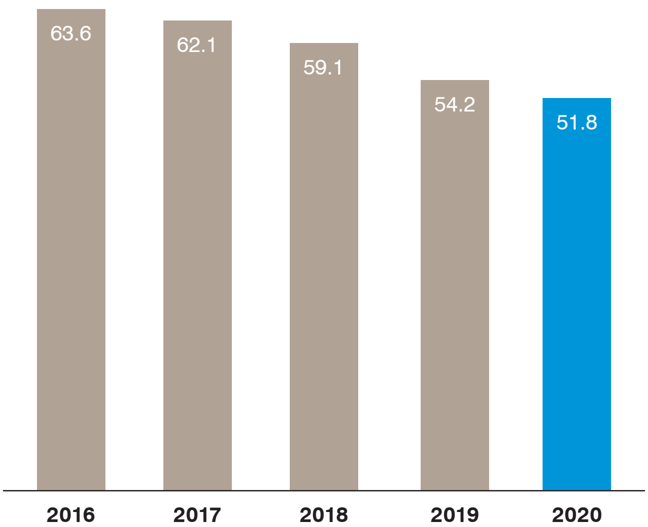
IFRS net (loss)/profit (CHF m)

CHF (388.4) m



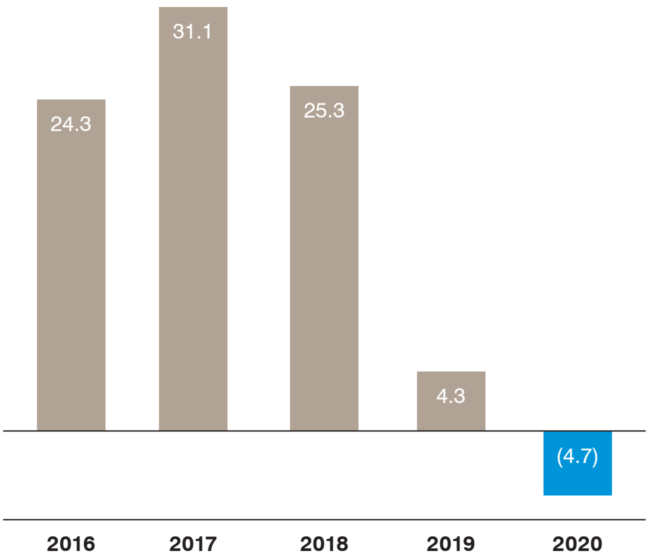
Management fee margin – investment management (bps)

51.8 bps



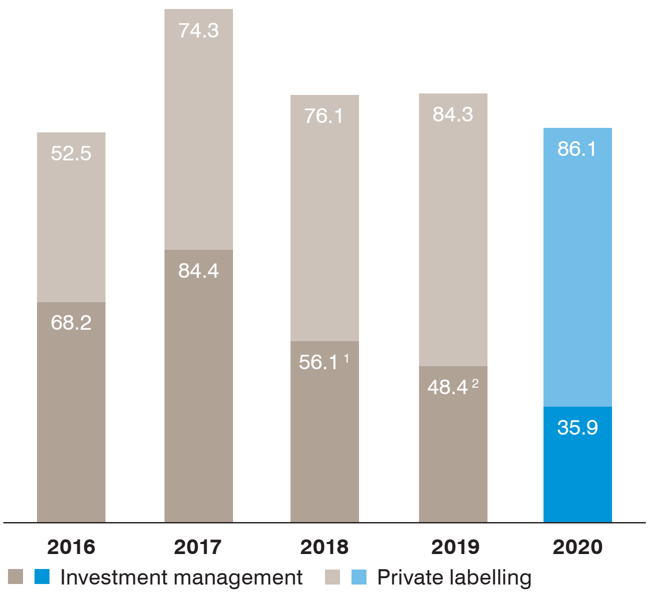
Operating margin (%)

(4.7) %



Assets under management (CHF bn)

CHF 122.0 bn

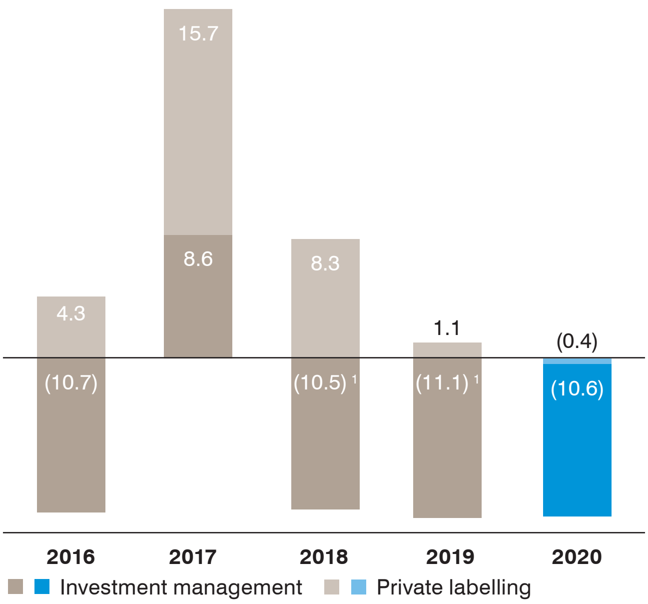


[1] Excluding CHF 1.45 billion ARBF-related assets under management in liquidation as at 31 December 2018.

[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 and which were sold in Q4 2020.

Net flows (CHF bn)

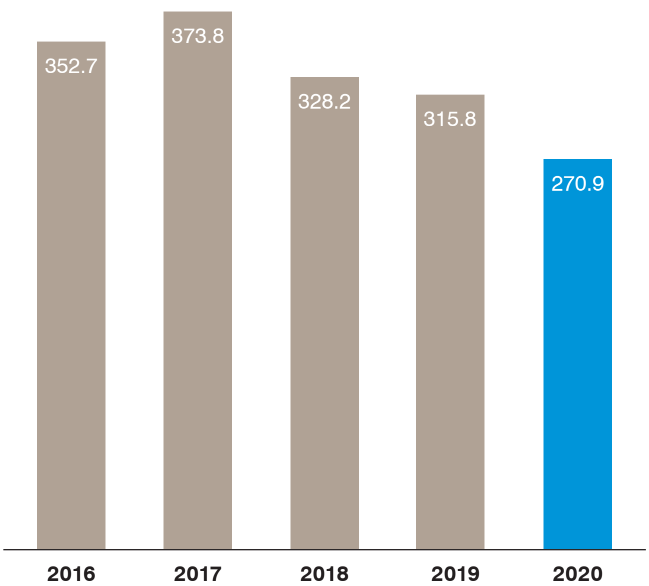
CHF (11.0) bn



[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.

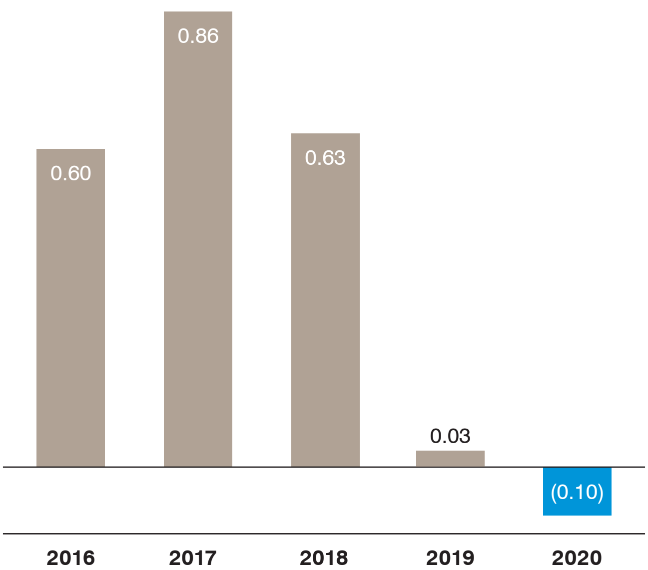
Net cash (CHF m)

CHF 270.9 m



Diluted underlying EPS (CHF)

CHF (0.10)



CHAIRMAN'S STATEMENT AND CHIEF EXECUTIVE'S LETTER

Chairman’s statement

David Jacob, Chairman of the Board of Directors

In February 2020 we announced a new strategy for GAM, which was well received. Little did we know at the time that we would be facing the extraordinary challenges of the Covid-19 pandemic. Despite these challenges, I am pleased to report that GAM has ended the year with our strategy still on track, and the firm well-positioned to continue to focus on protecting our clients’ financial future.

The leadership of our CEO, Peter Sanderson, has been exemplary during this difficult period. He has made well-judged and swift decisions; for example moving to remote working early in the pandemic meant that the firm has been able to maintain resilient operations, while at the same time protecting the health and well-being of our people and our clients.

Strategy overview

Peter has attracted very experienced industry professionals to join the talented team at GAM, in particular new leadership for sales and distribution. These new senior hires clearly recognise the opportunity for GAM to realise our vision of building the most respected specialist active investment manager in the world.

Peter and his team have also led the implementation of a new firm-wide SimCorp operating platform, which will bring greater efficiency and a more seamless service for our clients. The speed with which this is being done is impressive, especially considering a virtual working environment. We accelerated our efficiency programme in response to the pandemic, while at the same time the engagement of our people as measured through our employee survey has remained good.

We have continued to strengthen governance at GAM during 2020. Our Risk Committee, ably chaired by Monika Machon since May 2019, has now been in place for almost two years. We welcomed Thomas Schneider to the Board in April 2020, and he became Chair of the Audit Committee in September, succeeding Benjamin Meuli who had done an excellent job during a difficult period for the firm. Mr Meuli remains on the Board as Vice Chairman. It was very pleasing to see our efforts to strengthen our governance were also recognised externally. In September 2020, we were awarded the highest governance rating across all Swiss financial services firms by Inrate, an independent Swiss sustainability rating agency.

We have placed sustainability at the heart of our strategy, and in addition to strengthening our governance as a firm, we are also taking steps to ensure that we maintain and improve our positive social and environmental impact. Our aspiration is for GAM to be at the leading edge of best practice. We are also putting sustainability at the centre of our growth ambitions by responding to client demand and supplementing our existing range of sustainable investment strategies with a further suite of GAM sustainable products.

Performance overview

Our business performance was resilient during 2020 in the face of a very uncertain market. We ended the year with the first quarter of investment management net inflows since 2018, which is a fitting tribute to the efforts of Peter and the whole team at GAM in rebuilding trust and confidence in our firm. This trust has been repaid with some outstanding investment performance across many asset classes, with our equity strategies having had a particularly strong year.

Although our financial performance has been muted by the impact of the pandemic, we have made good progress in making the firm more efficient and reducing costs. The new operating platform will give us further operating leverage as we grow our assets under management.

We are also simplifying our legal structures to help achieve a more streamlined business model. This will bring opportunities to further build on the potential of our management company services business, one of the largest third-party management company services businesses in Europe.

We made good progress during 2020 and the business is showing encouraging signs of growth momentum, but this is not yet reflected in the financial results. Despite these encouraging signs, the Board of Directors and the Group Management Board do not believe that it would be appropriate to award any variable compensation for 2020, except for the contractual compensation of portfolio managers which remained unchanged. Any bonus awards granted under the annual discretionary bonus plan for the non-Group Management Board employees will be fully deferred. In addition, the Board of Directors have decided to permanently maintain the reduced level of Board compensation announced last year. Our dividend policy remains unchanged with 50% of underlying net profit to be distributed to shareholders. However, recognising GAM’s underlying loss in 2020, the Board of Directors proposes to shareholders that no dividend be paid for 2020.

Looking ahead

I am proud of what has been achieved by Peter Sanderson and his team during 2020, and the Board continues to have confidence in the strategy that was outlined last February. Our strategy remains unchanged and our financial targets remain the same, but in view of the impact of the pandemic, we have decided that it would be appropriate to adjust the timing for the achievement of those targets to the end of 2024.

The resilience and determination of everyone at GAM has been remarkable and the Board is very grateful for their efforts. I would also like to thank our shareholders for their patient support during a difficult period and hope that the achievements of 2020 are proof that GAM has a distinctive place in our industry which continues to be valued by our clients.

With best regards,

David Jacob
Chairman

18 February 2021

Chief Executive's letter

Peter Sanderson, Group Chief Executive Officer

In my letter to you at the end of 2019, I set out a strategy to reset the firm and begin our journey to restore shareholder value. When the extent of the pandemic became clear only weeks afterwards, it was our strong purpose as a firm and our commitment to protect our clients that allowed the GAM team to continue to deliver in a highly professional, resilient and relevant way.

Flying back from client meetings in Australia last March seems like a lifetime ago; writing an e-mail from the plane to shift the entire firm to remote working feels surreal. Now, although our industry has used technology to adapt well, I note that we are still fundamentally a people business, that relationships are still critically important, and that we are still fortunate to have such excellent clients to serve.

I am proud of how the GAM team has served our clients during the pandemic and proud of the progress we have made together on our strategic pillars. We closed the year with positive investment management flows in the fourth quarter, our best quarter since 2018, but despite this and despite accelerating and outperforming on our cost targets, we could not fully offset the impact of the investment management AuM we lost during the first quarters. The net effect of this was an operating loss of approximately CHF 15 million.

We ended 2020 with the majority of our equity strategies outperforming their benchmarks and delivering top quartile or even top decile investment performance, our fixed income capabilities staged a strong recovery from their weaker performance earlier in the year, while our liquid alternative strategies in systematic also recovered and performed well relative to our peers.

Our people driving growth

Attracting and empowering the brightest minds is core to achieving our purpose. I am delighted that we have been able to support our growth plans with the addition of experienced professionals who are excited by the opportunity at GAM. We have invested in our client capabilities and appointed new heads of distribution and institutional solutions, a head of sustainable and impact investing and built out our investment specialist function across key asset classes.

Our culture is key for attracting and retaining talent, and this year we have worked hard to support our employees and create even stronger communication, promote greater collaboration and maintain energy levels throughout the year. We have also had to make some difficult decisions, as we have reduced our headcount as part of our efficiency programme, and I am grateful for the professionalism that everyone has shown. However, our employee survey shows that engagement remains strong, and maintaining this remains a critical focus for us all going forward.

Technology driving efficiency

We have continued to invest in technology to improve our client service and client experience, as well as to improve the efficiency and scalability of our business by unifying the organisation onto a single platform. This work continues during 2021 and will position GAM strongly at the forefront of technology capability and well placed as the industry evolves ever more rapidly towards the future state of asset management.

By leveraging technology and reducing duplication and complexity in our processes, we exceeded our cost reduction target as part of our efficiency pillar and delivered savings of more than CHF 71 million for the full year.

Transparency

We have continued to enhance our transparency with all stakeholders. While our priority this year was to ensure that our employees and clients received regular communication about our response to the impact of the pandemic, we have also maintained regular dialogue with our shareholders throughout the year to ensure that they remained fully informed about our strategic progress.

We are also bringing greater transparency to our management company solutions business. This provides the fund operating platform for all our private labelling clients and around three quarters of our management funds, servicing a total of approximately CHF 114 billion of assets under management. The business is also beginning to yield opportunities for collaboration and growth with our investment management expertise helping to provide solutions for private labelling clients.

Investing for a sustainable future

We have developed our product offering to meet client demand and position for growth by expanding our dedicated sustainable investment offerings, which includes the recently launched GAM Sustainable Local Emerging Bond Fund, with further new product launches in the pipeline for later in 2021.

I was pleased to see GAM improve its scoring on the six UN Principles for Responsible Investment for the fifth consecutive year, alongside the good progress we have made deepening the integration of sustainability across our portfolio management and risk processes at the firm. I am proud that we are also providing transparency and enhanced corporate reporting this year with the publication of our first Sustainability Report.

Entering 2021 with confidence

Despite this challenging year, our long-term strategy remains unchanged and we have continued to invest in our firm and execute our plans to ensure we are fit for the future. I am grateful to our shareholders and our board for their continuing support of our strategy.

With GAM's clear sense of purpose, our strong investment capabilities, now coupled with a renewed distribution strategy and focus on ESG, I believe we are well positioned to build sustainable value for all our stakeholders in the future.

It's our people who can help provide the investment leadership, innovation and sustainable thinking needed to protect our clients' financial future, and I would like to thank them all for their steadfast efforts this year. I am honoured to be leading the team that is taking us forward with confidence on our journey to build the most respected specialist active investment manager in the world.

With best regards,

Peter Sanderson
Group Chief Executive Officer

18 February 2021

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**	• Delivered CHF 71.6m of cost savings • Continued investment in our platform • Several equity portfolios migrated to SimCorp platform
Transparency **Better reporting and processes based on clarity, accountability and trust**	• Published first Sustainability Report • Enhanced transparency regarding management company service business • Enhanced communication with all stakeholders throughout pandemic
Growth **Pursue growth via our core business, driving AuM growth**	• Strong performance in equities; good recovery in fixed income • Q4 2020 saw first net inflows since mid-2018 • New leadership in distribution, sustainable investing and strengthened investment specialist team

BECOMING FIT FOR THE FUTURE

- In FY 2021, additional savings of CHF 15m in fixed personnel costs and general expenses
- All investment portfolios on SimCorp in 2021
- Capitalise on efficiency gains and start realising operating leverage
- Legal entity simplification and optimisation of capital utilisation

- Financial targets set for 2024
- Alignment of performance and remuneration across the business
- Increased focus on sustainability – aspire to be at leading edge of best practice

- Implement new distribution strategy and drive AuM growth
- Launch a range of sustainable investment strategies
- Invest in new investment specialist team
- Capture synergies and cross-selling opportunities between IM and PLF
- Continue to deliver strong investment performance
- Leverage new and empower existing talent
- Foster new leadership culture – bring all of GAM to our clients

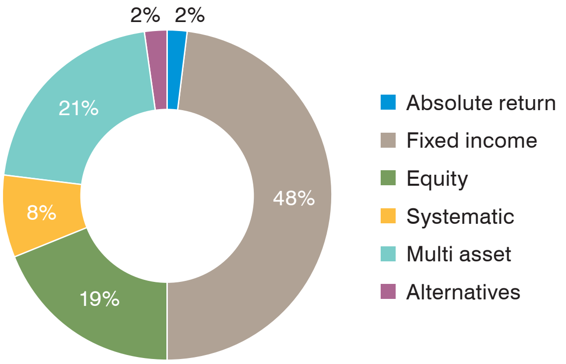
MEASURING PROGRESS

- In 2021, additional savings of CHF 15 million in total fixed personnel costs and general expenses
- All investment teams operating on the single SimCorp platform (excluding GAM Systematic Cambridge)
- Further drive technology upgrade at GAM

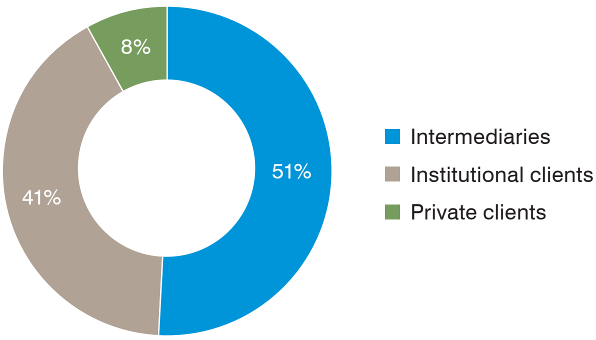
- For financial year 2024:
  - Underlying pre-tax profit of CHF 100 million
  - Operating margin of 30%
  - Compensation ratio between 45–50%
- Explore becoming a certified B Corporation

- Improve client relationships
- Drive AuM and revenue growth
- Diversification through higher % of AuM in high growth markets
- Further develop sustainable investment capabilities

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

85%

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

128

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

62

relationship managers serving our global client base, supported by 43 employees in marketing, sales support and product specialist roles

23%

of assets in funds outperformed their benchmark over three years

Private labelling snapshot

Tailored solutions for banks, insurers, independent asset managers and institutional investors

15%

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

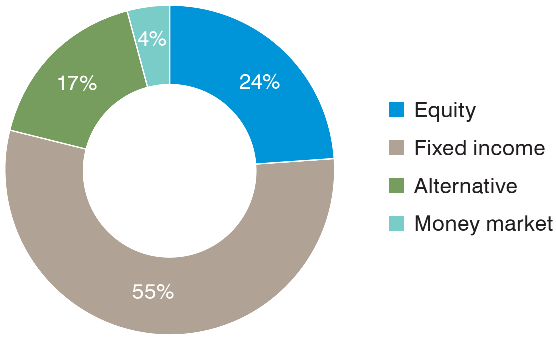
4

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

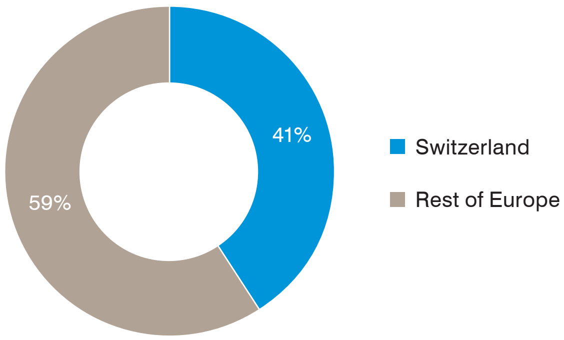
213

third party funds operated for our clients

Private labelling assets by asset class[1]



Private labelling assets by fund domicile[1]



[1] Not including AUM managed for GAM funds (for further information see page 28)

Our purpose, vision & strategy

> Our vision is to build the most respected specialist active investment manager and trusted solutions and services platform in the world.

Peter Sanderson, Group Chief Executive Officer

GAM's **purpose** is to attract and empower the brightest minds to provide the investment leadership, innovation and sustainable thinking needed to protect our clients' financial future. By living our purpose every day, we believe that we will realise our **vision** of building the most respected specialist active investment manager and trusted solutions and services platform in the world.

In February 2020, we announced our **strategy** to make GAM fit for the future. This is based on three strategic pillars: efficiency, transparency and growth, which are designed to deliver on our vision.

Our **efficiency** pillar aims to create synergies and enable us to adapt to the ever changing and challenging industry environment. We want to deliver for our clients quickly and effectively by making it easier to do business with GAM. We are removing unnecessary duplication by taking full advantage of technology. We are doing this by better integrating our business processes and converging on a simpler, 'One GAM' operating model. At the heart of this is our new cloud-based SimCorp platform. We have used SimCorp for years in our private labelling business (PLF) as well as in parts of our investment management business; we are now implementing it across the firm to help realise efficiencies and better serve our clients.

Our **transparency** pillar is designed to deliver better reporting and improved processes based on clarity, accountability and trust. Transparency is critical to building and maintaining trust with clients, employees and investors. Being transparent means keeping our promises and being accountable as well as acknowledging where we need to improve and do better. Enhancing our communication with all our stakeholders is a key element of our approach to becoming more transparent.

As part of this we are enhancing the transparency around our private labelling business. By doing this we believe that we will be able to demonstrate the opportunity to create value from aggregating the services delivered by our management company services business for both internal GAM and private labelling clients.

We are also bringing more transparency to our performance on environmental, social and governance (ESG) criteria, both from an investment product and corporate perspective. There is clear demand from our clients and other stakeholders to do this. This year we have significantly expanded our sustainability disclosures by the publication of our first Sustainability Report as a first step to achieving best in class standards on these matters.

Sustainable investment strategies will also be a key part of our third strategic pillar, which is **growth.** Efficiency and transparency are designed to be key enablers for GAM to grow and leverage our distinctive capabilities of specialist, actively managed investment strategies. Clients are looking for investment themes which can transcend the current global economic outlook, which we believe we are well positioned to deliver.

Our client centred approach is embedded across GAM, we seek to be a trusted partner for our clients enabling them to benefit from our investment performance whilst delivering excellent client service. We have invested in our client capabilities and appointed new heads of distribution and institutional solutions, since we believe that a structure focused around client types will ensure a deep understanding of our clients' investment objectives and service needs. We have also built out our investment specialist function across key asset classes and appointed a head of sustainable investment to ensure that we are aligned with our clients' needs and well positioned to capture growth.

Strategic progress in 2020

Despite living through an almost unprecedented period as the world grapples with the Covid-19 pandemic, GAM has made strong progress in implementing our strategy during 2020, and we believe that our purpose and vision have become even more relevant for clients.

Our response to the pandemic was swift and decisive, with the health and well-being of our employees and clients uppermost in our minds. Moving to remote working proved to be both operationally resilient and gave us food for thought about future ways of more productive working. The crisis gave additional impetus to our efficiency pillar but has not impacted our ability to progress the overall strategy.

Reassuringly, our interim 2020 employee survey in May, and the full survey carried out in September, showed that engagement levels had improved significantly since 2019 and remained high during 2020.

We delivered on our accelerated **efficiency** programme with the implementation of SimCorp progressing well and achieving cost savings of CHF 71.6 million, which exceeded our target of at least CHF 65 million for the full year 2020. We are also simplifying our legal structures in order to reduce complexity and to provide further opportunities for operational synergies. By the end of 2021, all our investment portfolios, except for GAM Systematic Cambridge, will be on the new SimCorp platform, providing a resilient backbone to our operations and the capability to deliver enhanced levels of service to our clients.

We have continued to enhance our **transparency** with all our stakeholders. Our first priority has been to ensure that our employees have received regular communication about our strategy and our response to the impact of Covid-19. The positive impact of this regular communication has been clear, our 2020 employee survey has shown that we have made significant progress on this since the 2019 survey.

We have also been very active in communicating with our clients during a challenging period, many of whom have had direct interactions with our CEO, as well as regular contact with our investment and distribution teams using a variety of digital tools to replace face-to-face meetings. The results of this active communication are beginning to bear fruit, with a number of longstanding clients increasing their allocation to GAM funds and others coming back to GAM.

We have maintained regular dialogue with our shareholders throughout the year and have ensured that the market has remained fully informed about our strategic progress.

As part of our drive for transparency we are enhancing our corporate reporting on sustainability as well as providing greater clarity on how we use environmental, societal and governance (ESG) criteria in our investment process. We appointed a new leader for our sustainability efforts which will be a key part of our growth plans during 2021. We aspire to be best in class in our approach to sustainability. On the operational side, we are strengthening our policies and disclosure as we continue to explore becoming a certified B Corporation, underlining our commitment to market-leading transparency and to generating a positive impact for our clients, colleagues, the environment and wider society. As part of this journey, and in response to client demand, we are launching a series of investment strategies with enhanced ESG criteria to complement our existing range, which includes the award-winning Swiss Sustainable Companies Fund. We believe our active approach to sustainability will also be an important contributor to the growth pillar of our strategy.

We are also bringing greater transparency to our management company services business, which provides solutions for both our private labelling funds business and our investment management funds. This business is one of the largest providers of third-party management company services in Europe and delivers the fund operating platform for all our private labelling clients and around 78% of our investment management funds with around CHF 114 billion of assets under management. We are streamlining this business so that by the end of 2021 we will have both a simplified legal structure and a single operating platform which will provide further synergies and at the same time make it easier for clients to do business with GAM.

GAM's strong investment performance across many of our strategies during 2020 has given real impetus to the **growth** pillar of our strategy. Our investment professionals have lived up to our purpose by continuing to provide the investment leadership, innovation and sustainable thinking needed to protect our clients' financial future. We have been working hard to re-build relationships with former clients and to attract new clients and, despite the pandemic, we built a strong pipeline during 2020 which began to deliver a significant improvement in client flows by the end of the year.

We have also put in place a new distribution organisation with new leadership and an enhanced focus on specific client segments. This has been important in mobilising our business for growth and the encouraging asset flows in the fourth quarter are testament to the impact that this new leadership is beginning to have.

Looking ahead to 2021

In 2020, we managed to attract a number of senior, experienced industry professionals to join our talented team at GAM, and we put in place strong foundations for a more efficient and resilient operating platform. During 2021, the new focused approach of our distribution efforts together with the launch of several strategies responding to client demand for actively managed sustainable products will provide a further impetus for growth.

By the end of 2021 we will have completed a significant series of operational improvements, including a new SimCorp platform, a new Workday system for Finance and HR and simplifications to our legal structures. All these improvements will provide significant operational leverage as well as making it easier for clients to do business with GAM.

We remain focused on keeping levels of engagement among employees very high and on the strategic opportunity that we will likely see through further simplification and digitisation of our business. We believe that our talent, our differentiated product offering and our strong distribution footprint put GAM in a good position to realise our vision of building the most respected specialist active investment manager and trusted solutions and services platform in the world.

Our three strategic pillars remain relevant to GAM in 2021 as they did in 2020, but now with a greater focus on sustainable growth.

Our businesses

> We believe that our talent, our differentiated product offering, and our strong distribution footprint put GAM in a good position to realise our vision of building the most respected specialist active investment manager and trusted solutions and services platform in the world.

Peter Sanderson, Group Chief Executive Officer

Investment management

Investment capabilities

Our investment management capabilities provide clients with differentiated directional and absolute return strategies across multiple asset classes. These are actively 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 128 in-house investment professionals across our investment centres in Zurich, Lugano, Milan, London, Cambridge, New York and Hong Kong. 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.

Investment management assets and management fee margins (CHF bn)

Capability	Opening AuM 1 Jan 2020	Net flows 2020	Disposals 2020 [2]	Market/FX 2020	Closing AuM 31 Dec 2020	Management fee margin 2020 (bps)
Fixed income	25.8 [1]	(6.6)	(0.9)	(1.2)	17.1	58
Multi asset	7.8	(0.6)	-	0.3	7.5	20
Equity	7.2	(1.0)	-	0.7	6.9	67
Systematic	4.4	(0.9)	-	(0.6)	2.9	50
Alternatives	2.1	(1.3)	-	(0.1)	0.7	43
Absolute return	1.1	(0.2)	-	(0.1)	0.8	94
Total	**48.4** [1]	**(10.6)**	**(0.9)**	**(1.0)**	**35.9**	**51.8**

[1] Including CHF 0.3 billion of money market funds as at 1 January 2020, which GAM agreed to sell to ZKB as announced with the H1 2019 results.

[2] Disposals include the sale of a mortgage loan fund of CHF 0.5 billion in Q2 2020 and the Renshaw Bay funds of CHF 0.2 billion as well as money market funds of CHF 0.2 billion, as announced with the H1 2019 results, in Q4 2020.

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). We have placed sustainability at the heart of our strategy, and in addition to the strengthening of our governance as a firm, we are also putting sustainability at the centre of our growth ambitions by responding to client demand and supplementing our existing range of sustainable investment strategies, with a further suite of GAM sustainable products.

As at 31 December 2020, 48% of the CHF 35.9 billion investment management assets were invested in fixed income strategies. The share of investment solutions across multi asset and alternatives capabilities was 23%, while 19% was attributable to equities. Our systematic capability accounted for 8% and absolute return products for 2%.

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 longstanding 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.

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 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 them to access overlooked and often undervalued bonds in the market, while an unconstrained approach means they 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. The investment team's differentiated, conviction-driven approach to EM debt investing has been developed over 20 years and their extensive background in navigating economic cycles of crisis and recovery in EM debt forms the foundation of their process. The strategy has evolved into GAM's largest local EM debt UCITS fund and the team ranks among the largest managers of local EM debt solutions globally, managing approximately CHF 4.2 billion of assets under management as at 31 December 2020.

GAM Systematic Alternative Risk Premia
The GAM 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, eg outside of simply long equities and bonds, often employing investment techniques such as relative value spread positions 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. The investment team has a strong reputation as pioneers in this field with the first GAM fund launched in 2012. As at 31 December 2020, the strategy had CHF 1.7 billion of assets under management. 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 Star Disruptive Growth
GAM Star Disruptive Growth, managed by the Disruptive Growth and Technology team, seeks to capture opportunities in companies and areas of the market that are benefiting from technological change. The team focuses on active stock selection in order to identify growth opportunities and disruptive themes in areas such as software, cloud infrastructure, social media, advertising, retail and transportation and to position the portfolio to benefit from generational changes that are occurring globally. The team explores the most promising companies in each sector, combining in-depth fundamental analysis to determine what to buy, and technical analysis to determine when to do so, to form a global portfolio of 40–60 stocks diversified across three to five key themes. It maintains a strong focus on risk management and examines each risk factor at stock and portfolio level closely through real time monitoring of daily profit and loss metrics, supported by independent risk oversight.

GAM Swiss Sustainable Companies
GAM Swiss Sustainable Companies, managed by the Swiss Equity team, aims to achieve long-term capital growth by investing in small and medium-sized Swiss companies that are able to optimise their value added through comprehensively sustainable business development. Corporate sustainability plays an integral role in the team's investment decisions as a powerful differentiator and value creation opportunity for companies. Through its proprietary bionic approach, it assesses how well a company adapts to its ecological and social context as well as whether it has the organisational prerequisites to be able to evolve in a competitive environment as a viable entity. The team's investment style is based on the conviction that over time investment returns will reflect a firm's individual success. Therefore, the strategy is focused on companies that set themselves apart from the competition with a clear vision, customer oriented innovation, consistent execution and the determination to create a high value added business that drives growth.

Our regional and thematic **equity** strategies have an average active share[1] of 76.2%. Each investment team, utilising their own and external research and distinct approaches, benefits from the collaborative and collegial culture across our investment groups, sharing insights, views and information. We provide a broad range of investment styles, including value, growth and GARP (growth at a reasonable price). Our longstanding strategies in European, Japanese, Swiss, UK and Chinese equities are complemented by 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.

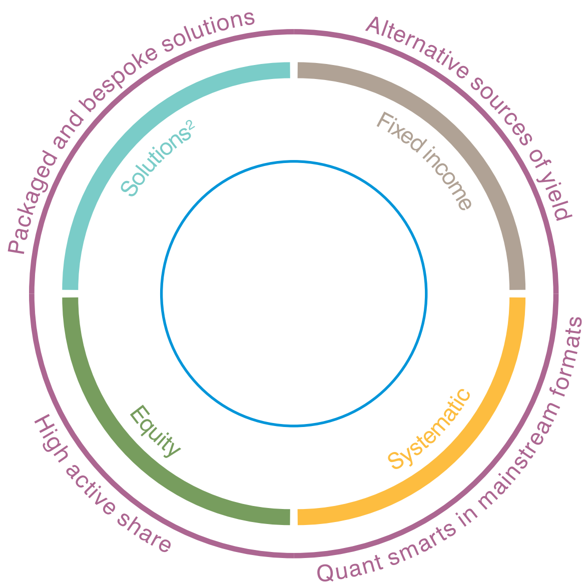
Strong product positioning

Products[1] well positioned for growth

Non-traditional sources of return and genuinely differentiated active investment approaches

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

Asian income
Asset backed
Emerging market debt
Global rates
ILS*
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
Core macro
Dynamic credit
Global equities (LO)
Multi asset (LO)
Multi strategy

Source: GAM.

Abbreviation: LO = Long-only. * ILS = Insurance linked securities.

[1] The strategies listed are of indicative nature and do not represent a complete list of GAM products.

[2] Includes alternatives and multi asset.

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 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. Our expertise, gained over more than 26 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. 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 2020, CHF 1.3 billion (2019: 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.

Investment management assets (CHF bn)

Client segment	Opening AuM 1 Jan 2020	Net flows 2020	Disposals 2020 [2]	Market/FX 2020	Closing AuM 31 Dec 2020
Intermediaries	23.0 [1]	(4.7)	(0.3)	0.3	18.3
Institutional clients	21.8	(5.4)	(0.6)	(1.1)	14.7
Private clients	3.6	(0.5)	-	(0.2)	2.9
Total	**48.4** [1]	**(10.6)**	**(0.9)**	**(1.0)**	**35.9**

[1] Including CHF 0.3 billion of money market funds as at 1 January 2020, which GAM agreed to sell to ZKB as announced with the H1 2019 results.

[2] Disposals include the sale of a mortgage loan fund of CHF 0.5 billion in Q2 2020 and the Renshaw Bay funds of CHF 0.2 billion as well as money market funds of CHF 0.2 billion, as announced with the H1 2019 results, in Q4 2020.

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 41% 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 51% 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 smaller 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.

Our private clients business represents 8% 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.

Investment performance[1]

Capability	3 years 2020	3 years 2019	5 years 2020	5 years 2019
Fixed income	6%	89%	67%	89%
Equity	61%	22%	85%	43%
Systematic	32%	81%	89%	81%
Alternatives[2]	58%	13%	12%	13%
Absolute return	39%	77%	48%	50%
Total	**23%**	**74%**	**70%**	**78%**

[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 23.8 billion and CHF 21.6 billion respectively.

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

Markets, flows and investment performance

The economic impact of the Covid-19 pandemic during 2020 was profound, reflecting the decline in demand as consumer activity was curtailed. Expected growth rates as at December 2020 fell to 3.8% according to Bloomberg and global unemployment rates increased, with the US rate reaching a peak of 14% in April 2020.

Despite all this economic volatility, global equities, as measured by the MSCI AC World Index in local currency terms, returned over 14% in 2020. The latter stages of this rally can partially be explained by the removal of political uncertainty in the US and the news of effective Covid vaccines. However, most of the large market moves are better explained by central bank policy responses, including the lowering of interest rates across all maturities, direct monetary policy easing and government bond purchases.

With the vaccine news leading to the hope of a return to a more normal environment in 2021, investors sold government bonds and returned to the cyclical sectors of the market that had previously been sold. Value stocks such as leisure, energy, banks and industrials enjoyed a strong run from the autumn.

Over the three-year period to 31 December 2020, 23% of our assets under management in funds outperformed their respective benchmark, compared to 74% as at 31 December 2019. This decrease was primarily driven by slightly weaker performance in our largest fixed income strategies, which were hit by market movements related to Covid-19 in March, but have since rebounded. Over the five-year period to 31 December 2020, 70% of our assets under management in funds outperformed their respective benchmark, compared with 78% that outperformed over five years to 31 December 2019.

As at 31 December 2020, 56% and 61% of GAM's assets under management tracked by Morningstar[2] outperformed their respective peer groups over three and five years compared to 27% and 86% as at 31 December 2019 respectively. Our equities strategies enjoyed strong performance in 2020, with many in the top quartile or even top decile relative to their peer groups across time periods.

Spotlight on selected products

GAM Systematic Core Macro
GAM Systematic Core Macro, managed by the GAM Systematic Cambridge team, seeks to generate returns uncorrelated to traditional asset classes by identifying persistent and recurring sources of return across over 100 markets in currencies, fixed income, equity indices and commodities. The fund combines two uncorrelated investment strategy clusters – trend and value – to create a robust multi asset macro portfolio with 10–12% target volatility. The Cambridge-based team uses a purely model-driven, rules-based process that allows for a highly structured, repeatable approach. The model excludes human bias otherwise inherent in discretionary investment strategies, while investing in liquid instruments across asset classes allows for a high level of transparency, liquidity, scalability and cost efficiency. The strategy is offered in UCITS form and as a Cayman-domiciled fund and segregated accounts.

GAM Star European Equity
GAM Star European Equity seeks to achieve capital growth and deliver attractive, risk-adjusted returns by investing in pan European equities. GAM's European Equity team employs a high conviction approach to invest in a concentrated portfolio of 30–40 companies that it believes will generate superior long-term returns and allocate shareholders' capital intelligently. The team is highly selective, meaning that it only focuses on the very best opportunities from a potential universe of more than 1,100 stocks and approximately 450 companies in the MSCI Europe Index. Positions are explicitly sized in a bid to maximise stock-specific alpha, minimise factor risk and avoid unintended risk concentrations, and each stock is expected to contribute significantly to returns.

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. The investment team builds a concentrated portfolio comprised mainly of corporate bonds, with additional quasi-government and government bond. 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.

GAM Star Japan Leaders
GAM Star Japan Leaders seeks sustainable, long-term capital appreciation by actively investing in a concentrated portfolio of Japanese companies that have a leading position in their sector. The investment team is renowned for their in-depth knowledge of the Japanese corporate sector, equity market and economy, based on many years of continuous analysis, company visits and meetings with senior management. The team applies a disciplined bottom-up approach to select 20–30 high-quality stocks that are considered undervalued at the entry point and generates returns based on value creation by these carefully selected businesses. Positions are equal weighted and rebalanced on a yearly basis.

Overall, driven by the Covid pandemic, net outflows in investment management totalled CHF 10.6 billion. Intermediary clients redeemed CHF 4.7 billion, institutional clients CHF 5.4 billion and private clients CHF 0.5 billion in 2020.

In fixed income, net outflows totalled CHF 6.6 billion, primarily driven by the GAM Star Credit Opportunities and GAM Local Emerging Bond funds, which were only slightly offset by inflows into the GAM Greensill Supply Chain Finance and GAM Star Cat Bond funds.

In equity, GAM saw net outflows of CHF 1.0 billion with net inflows in the GAM Star European Equity, GAM Star Disruptive Growth and GAM Swiss Sustainable Companies funds which were more than offset by withdrawals from primarily the GAM Japan Equity and GAM Global Eclectic Equity funds.

Multi asset strategies experienced net outflows of CHF 0.6 billion in 2020, driven by redemptions primarily from institutional and private clients.

In alternatives, GAM saw net outflows of CHF 1.3 billion, driven by redemptions from institutional mandates.

In systematic, net outflows of CHF 0.9 billion were driven by outflows from the GAM Systematic Core Macro and GAM Systematic Alternative Risk Premia funds.

The absolute return category recorded net outflows of CHF 0.2 billion, with inflows into the GAM Star Emerging Market Rates and GAM Star Alpha Technology funds being more than offset by outflows primarily from the GAM Star (Lux) – Merger Arbitrage and GAM Star (Lux) – European Alpha funds.

Private labelling

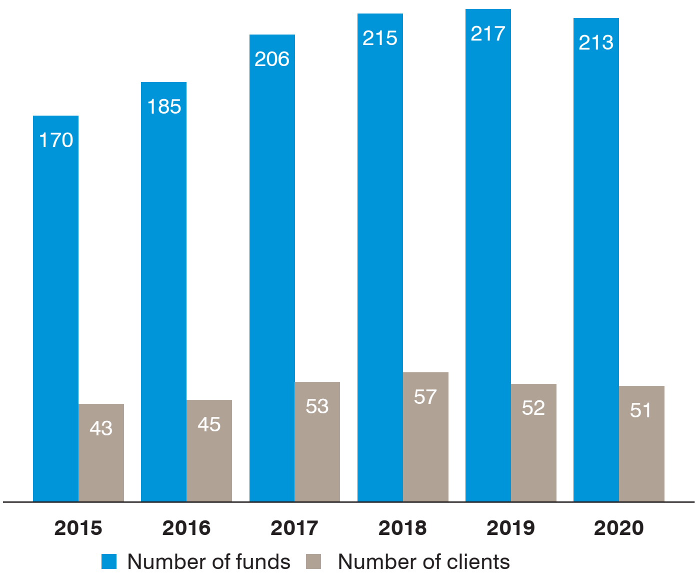
Our private label funds are tailored products designed for banks, insurers, independent asset managers and institutional investors. This business is one the largest providers of third-party management company services in Europe. It delivers the fund operating platform for all our private labelling clients with AuM of CHF 86.1 billion and in parallel for 78% of our GAM funds corresponding to CHF 28.0 billion. In summary, as at 31 December 2020, the business is servicing a total of CHF 114.1 billion of combined assets.

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 213 third-party funds, including 19 funds launched in 2020, ranking it 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.

Our management company services business provides solutions for both our private labelling funds and our own GAM investment management funds. We are streamlining this business so that by the end of 2021 we will have both a simplified legal structure and a single operating platform which will provide further synergies and at the same time make it easier for clients to do business with GAM.

Private labelling funds and clients



Private labelling accounts for 14.7% of our total net management fees and commissions. While this business has a relatively low fee margin, it gives us effective operating leverage for the infrastructure that also services our own investment management activities.

Clients can choose from a modular service offering including risk management, compliance and fund governance for newly-created or already existing client funds. 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 global distribution networks and international registration and documentation such as fund factsheets. Our private labelling clients benefit from our strategic business relationships by gaining access to a world-class fund administration and custody service provider.

Our Luxembourg-based fund management company was ranked in the top three in terms of third-party assets under management according to the latest edition of PwC's Observatory for Management Companies – 2020 Barometer.[3]

Assets under management rose to CHF 86.1 billion as at 31 December 2020, from CHF 84.3 billion in 2019. This was driven by net outflows of CHF 0.4 billion, primarily due to one client with existing capabilities, who decided to bring the services provided by GAM in-house as well as positive market performance of CHF 3.9 billion, partly offset by negative foreign exchange movements of CHF 1.7 billion.

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

[2] 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.

[3] Published in 2020.

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.

Our Group KPIs:

Diluted underlying earnings per share (EPS) is calculated as the underlying net profit or loss 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 88–111).

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 intangible assets as well as the financial liability relating to 40% of future GAM Systematic 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 (ie 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 21–29.

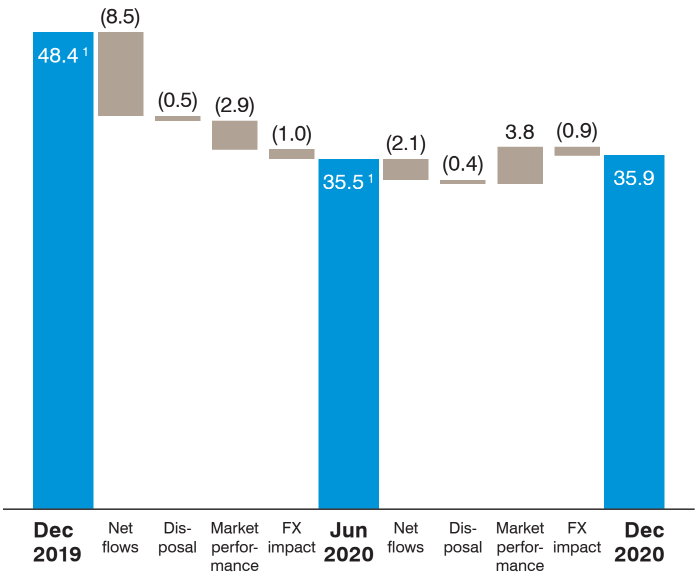
Assets under management and net flows

Group assets under management as at 31 December 2020 amounted to CHF 122.0 billion, compared with CHF 132.7 billion a year earlier.

Investment management assets decreased by CHF 12.5 billion to CHF 35.9 billion from CHF 48.4 billion[1] at the end of 2019. This decrease was driven by net outflows of CHF 10.6 billion, the sale of the mortgage loan fund of CHF 0.5 billion to VZ Depotbank in Q2 2020, the sale of the real estate business of CHF 0.2 billion in Q4 2020, the sale of money market funds amounting to CHF 0.2 billion to ZKB in Q4 2020, net positive market movements of CHF 0.9 billion as well as net negative foreign exchange movements of CHF 1.9 billion.

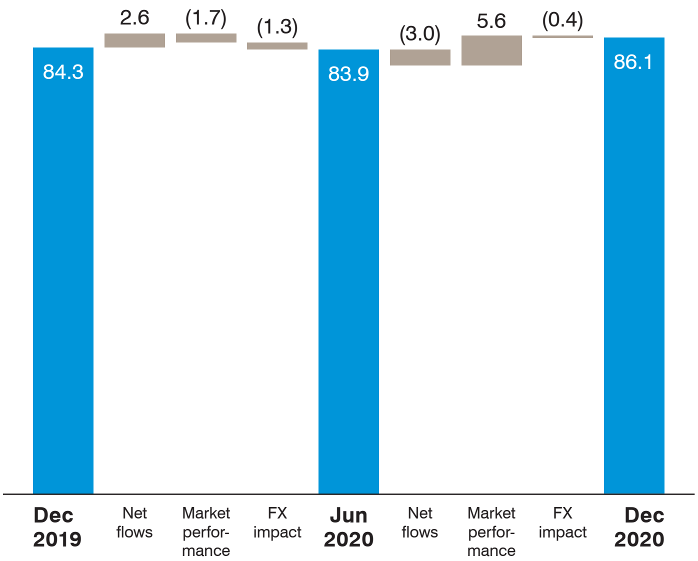
Private labelling assets were CHF 86.1 billion, an increase of CHF 1.8 billion compared to CHF 84.3 billion at the end of 2019, driven by net outflows of CHF 0.4 billion, net positive market movements of CHF 3.9 billion and net negative foreign exchange movements of CHF 1.7 billion.

Investment management AuM movements (CHF bn)



[1] Including CHF 0.3 billion of money market funds as at 31 December 2019 and 30 June 2020, which GAM agreed to sell to ZKB as announced with the H1 2019 results.

Private labelling AuM movements (CHF bn)



Income drivers and developments

Management fee margins

The management fee margin earned on investment management assets during 2020 was 51.8 basis points, compared to 54.2 basis points in 2019. The fee margin reduction is primarily attributable to the mix of client inflows and outflows at different margins compared to the average margin.

In private labelling, the management fee margin was 4.1 basis points, compared with 3.9 basis points in 2019, with the increase primarily reflecting the asset mix at different margins compared to the average margin.

Management fees

Net management fees and commissions in 2020 totalled CHF 230.4 million, down 27% from the previous year. This was primarily driven by lower average assets under management in investment management.

Performance fees
Net performance fees decreased to CHF 2.8 million from CHF 12.8 million, main contributors were non-directional equity and other fixed income strategies.

Net other expenses
Net other expenses, 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, was a net expense of CHF 4.0 million, which is broadly in line with the net expense of CHF 3.7 million in 2019.

Expense drivers and developments

Personnel expenses
Personnel expenses decreased by 24% to CHF 150.5 million in 2020. Variable compensation was 44% lower compared to 2019, mainly due to a decrease in discretionary bonuses as a result of business performance and lower revenues. Fixed personnel costs decreased 15%, mainly driven by lower headcount as a result of voluntary and involuntary redundancy programmes in 2020. Headcount stood at 701 FTEs as at 31 December 2020 compared with 817 FTEs as at the end of 2019.

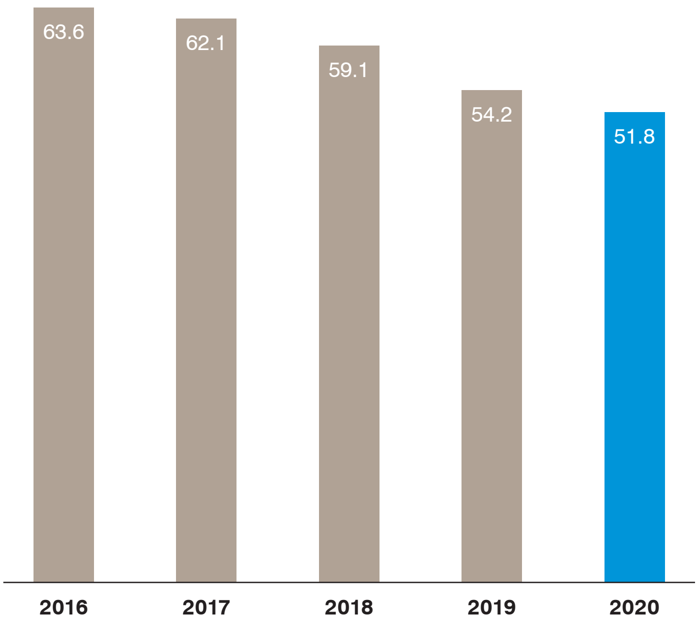
Compensation ratio
The compensation ratio increased to 64.5% from 59.7% in 2019 as the percentage decline in personnel expenses could only partly offset the percentage decline in net fee and commission income.

General expenses
General expenses for 2020 amounted to CHF 75.0 million, down 25% from CHF 99.6 million in the previous year. The reduction was driven mainly by lower consulting services, technology, travel and marketing costs.

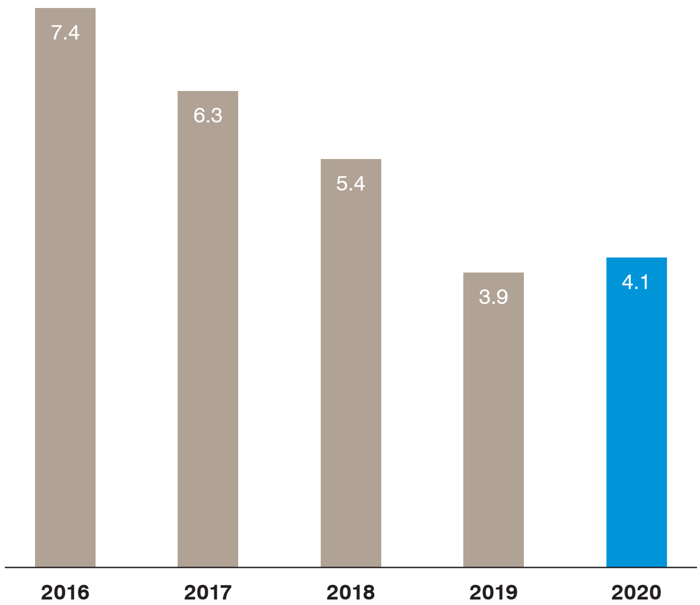
Depreciation and amortisation
Depreciation and amortisation decreased slightly to CHF 18.6 million, from CHF 19.1 million in 2019, mainly driven by the reduction of leased office space leading to lower right-of-use asset depreciation.

Operating margin
The operating margin for 2020 was minus 4.7% compared with 4.3% in 2019. The decrease in net fee and commission income could not be offset by lower expenses.

Management fee margin – investment management (bps)



Management fee margin – private labelling (bps)



Underlying profitability and earnings per share

Underlying profit/loss before taxes

The underlying pre-tax loss was CHF 14.9 million, compared with a CHF 10.5 million profit in 2019, 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 income taxes for 2020 were zero, representing an underlying effective tax rate of 0.0% compared to 53.3% in 2019. The decline in the effective tax rate was primarily driven by the underlying loss before tax.

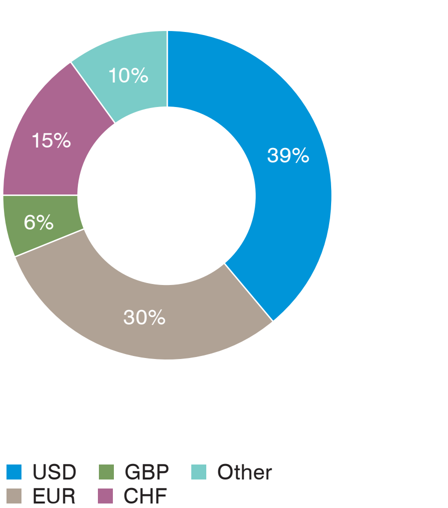
Earnings per share

Diluted underlying earnings per share for 2020 were negative CHF 0.10, down from CHF 0.03 in 2019, resulting from the underlying net loss.

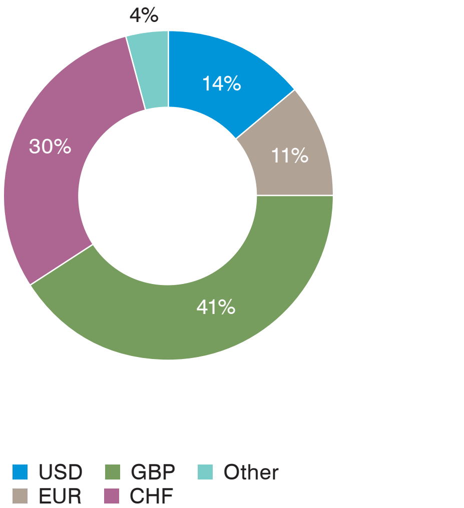
IFRS net loss

Our net loss according to IFRS in 2020 was CHF 388.4 million compared to a net loss of CHF 3.5 million in 2019. The IFRS net loss was primarily driven by the impairment charge in the first half of 2020, mainly related to the impairment on the Group's goodwill of CHF 373.7 million along with investment management and client contract impairment charges of CHF 25.1 million (net of taxes), partly offset by a CHF 28.9 million reduction in the financial liability relating to 40% of future GAM Systematic performance fees.

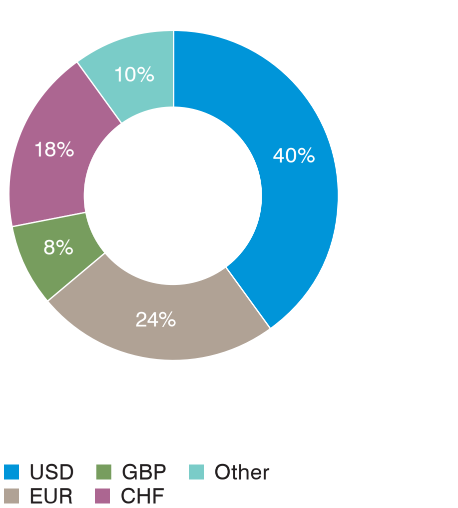
Group income[1]



Group expenses[2]



Investment management AuM



[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.

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 loss of CHF 393.9 million (all items net of taxes). This includes the impairment charge on the Group's goodwill of CHF 373.7 million in the first half of 2020, investment management and client contract impairment charges primarily related to the acquisition of GAM Systematic of CHF 25.1 million, reorganisation charges of CHF 6.3 million related to the Group's restructuring programme, partly offset by a deferred tax asset credit of CHF 6.4 million, a pension plan adjustment of CHF 3.5 million resulting from the Group's redundancy programme and gains from the sale of the mortgage loan fund to VZ Depotbank of CHF 1.2 million. In 2019, the non-recurring items resulted in a **net gain of CHF 2.8 million**, mainly related to the gain from the sale of the precious metal funds to ZKB and insurance recoveries, offset by an impairment charge on the investment management and client contracts mainly related to GAM Systematic.

Acquisition-related items, resulting in a net gain of CHF 20.4 million (all items net of taxes). This includes adjustments to the deferred consideration liabilities mainly related to the acquisition of GAM Systematic of CHF 2.9 million. 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 GAM Systematic performance fees following the acquisition of GAM Systematic. These gains of CHF 28.9 million from the net reduction in these liabilities were partly offset by the amortisation of investment management and client contracts of CHF 3.7 million from businesses acquired in 2016 and in prior years, and finance charges on the deferred consideration liability of CHF 7.8 million. In 2019, the acquisition-related items resulted in a net loss of CHF 11.2 million, mainly driven by finance charges on the deferred consideration liability and the 40% future performance fee payment financial liability as well as the amortisation of investment management and client contracts.

Group income statement

	2020 CHF m	2019 CHF m	Change in %
Net management fees and commissions	230.4	317.1	(27)
Net performance fees	2.8	12.8	(78)
Net fee and commission income	**233.2**	**329.9**	**(29)**
Net other expenses	(4.0)	(3.7)	-
Income	**229.2**	**326.2**	**(30)**
Personnel expenses	150.5	197.0	(24)
Fixed personnel expenses	118.3	139.9	(15)
Variable personnel expenses	32.2	57.1	(44)
General expenses	75.0	99.6	(25)
Occupancy	5.6	8.0	(30)
Technology and communication	15.2	19.0	(20)
Data and research	20.6	20.7	0
Professional and consulting services	8.3	18.1	(54)
Marketing and travel	7.0	13.9	(50)
Administration	5.5	7.0	(21)
Other general expenses	12.8	12.9	(1)
Depreciation and amortisation	18.6	19.1	(3)
Expenses	**244.1**	**315.7**	**(23)**
Underlying (loss)/profit before taxes	**(14.9)**	**10.5**	**-**
Underlying income tax expense	-	5.6	(100)
Underlying net (loss)/profit	**(14.9)**	**4.9**	**-**
Acquisition-related items	19.8	(12.5)	-
Non-recurring items	(402.4)	3.2	-
Tax on acquisition-related items	0.6	1.3	-
Tax on non-recurring items	1.7	0.3	-
Non-recurring tax item	6.8	(0.7)	-
IFRS net loss	**(388.4)**	**(3.5)**	**-**

Balance sheet[2] and capital management

Assets and net cash

Total assets as at 31 December 2020 were CHF 820.2 million, compared to CHF 1,335.1 million a year earlier. This includes goodwill and intangible assets of CHF 295.6 million, which decreased CHF 417.5 million compared to 2019, primarily due to the impairment of goodwill in the first half of 2020.

Cash and cash equivalents at the end of 2020 amounted to CHF 270.9 million, down from CHF 315.8 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 GAM Systematic, payments associated with redundancies in connection with the restructuring programme and expenditure capitalised relating to the SimCorp project.

Liabilities and adjusted tangible equity

Total liabilities as at 31 December 2020 were CHF 346.3 million, down from CHF 460.1 million at the end of 2019. The decrease mainly reflects the impact of lower accrued expenses and deferred income as well as the reduction of other non-current liabilities related to the write down of the deferred consideration liabilities related to GAM Systematic.

Adjusted tangible equity at the end of 2020 was CHF 188.7 million, compared with CHF 197.2 million a year earlier. The main contributor to this decrease was the IFRS net loss and expenditure capitalised relating to the SimCorp project, but excluding items related to intangibles and the movement in the financial liability related to GAM Systematic.

As at 31 December 2020 the Group had no financial debt, as in previous years.

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 2020, the holding of own shares of 3.7 million was equivalent to 2.3% 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 0.4 million shares, reflecting shares delivered to settle obligations under share-based compensation plans.

Share buy-back programme 2020–2023

The Group's share buy-back programme, which is designed to purchase shares on the ordinary trading line to cover share-based payments and to purchase shares on the second trading line designated for cancellation, started on 5 May 2020, following the expiration of its predecessor programme (2017-2020). It allows for the repurchase of up to 16.0 million shares over a maximum period of three years. When shares are purchased over the second trading line at the SIX Swiss Exchange, GAM Holding AG acts as sole buyer. During 2020, a total of 1.8 million shares were repurchased over the first trading line to cover share-based payments. No shares were repurchased for cancellation in 2020.

Dividend for the 2020 financial year

The Board of Directors proposes to shareholders that, in line with our long-term dividend policy that remains unchanged, no dividend will be paid for 2020 given a negative underlying net profit in 2020. The Board continues to target a minimum dividend pay-out of 50% of underlying net profit to shareholders.

[2] The consolidated balance sheet can be found on page 115.

Risk management

> 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

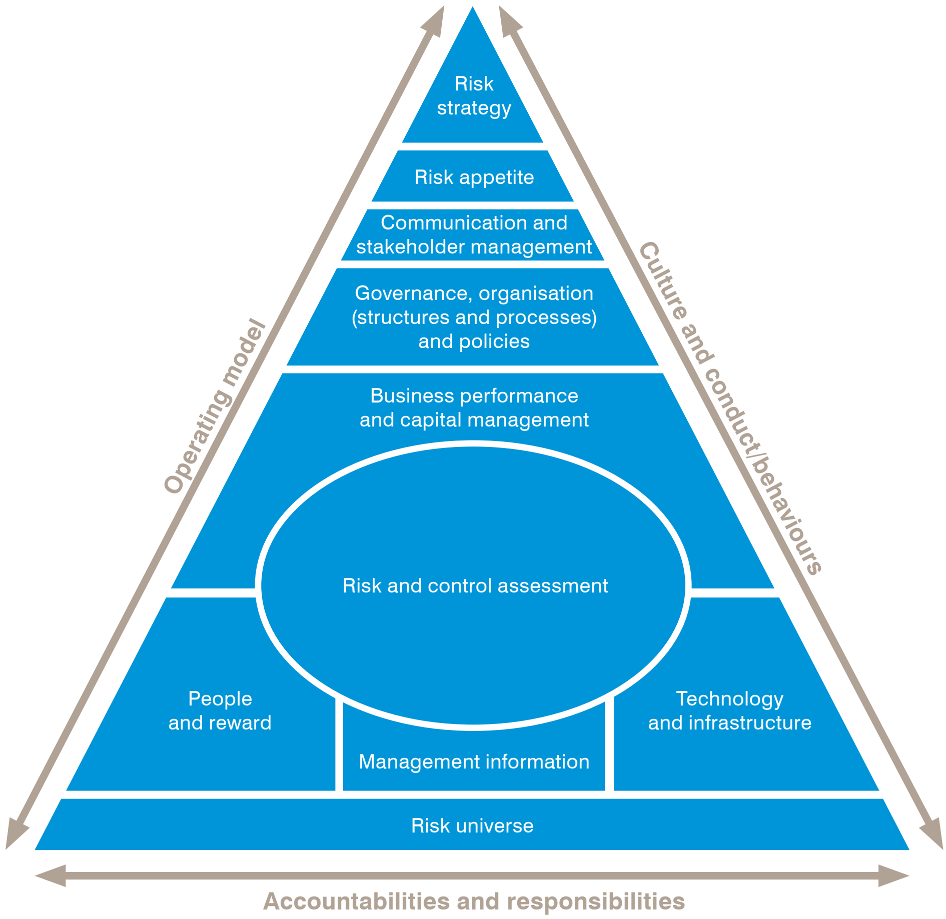
GAM recognises that the management of risk as part of our everyday activities is essential to support the achievement of our business and strategic objectives. Effective risk management is fundamental to all stakeholders of GAM, including our clients, shareholders, employees, regulators and business 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. GAM maintains and continuously advances our employees' understanding of the standards and principles 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 below.

> Employees' well-being and mental health have high priority, and we have established a number of initiatives geared to providing support to our colleagues facing challenging times.

Peter Sanderson, Group Chief Executive Officer



Risk strategy and appetite

Our risk strategy is based on the belief that risk management is the responsibility of every employee and that it must be integrated into the Group's strategy, capital allocation, decision-making and day-to-day operations. Risk awareness is at the heart of our strategic planning process, supporting decision-making, and the formulation and delivery of plans for the achievement of business and strategic objectives. Our RMF includes 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.

Governance, organisation (structures and processes) and policies

One of the key elements of 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 Group's business and strategic objectives by establishing operating standards and principles for managing GAM's risks across the organisation. Our RMF is underpinned by a three lines of defence 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

The overall management of risk is delegated by the Board to the Group CEO, the Group Management Board (GMB) and senior leadership team (SLT) members and their functions/

teams who define the structures and processes to manage the risks for which they are responsible across the Group. The GMB is responsible for implementing the Group's RMF, as determined by the Board. The first line's functional management owns all the risks assumed through their day-to-day activity and decision-making. They are responsible for establishing and maintaining an appropriate management of risk 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.

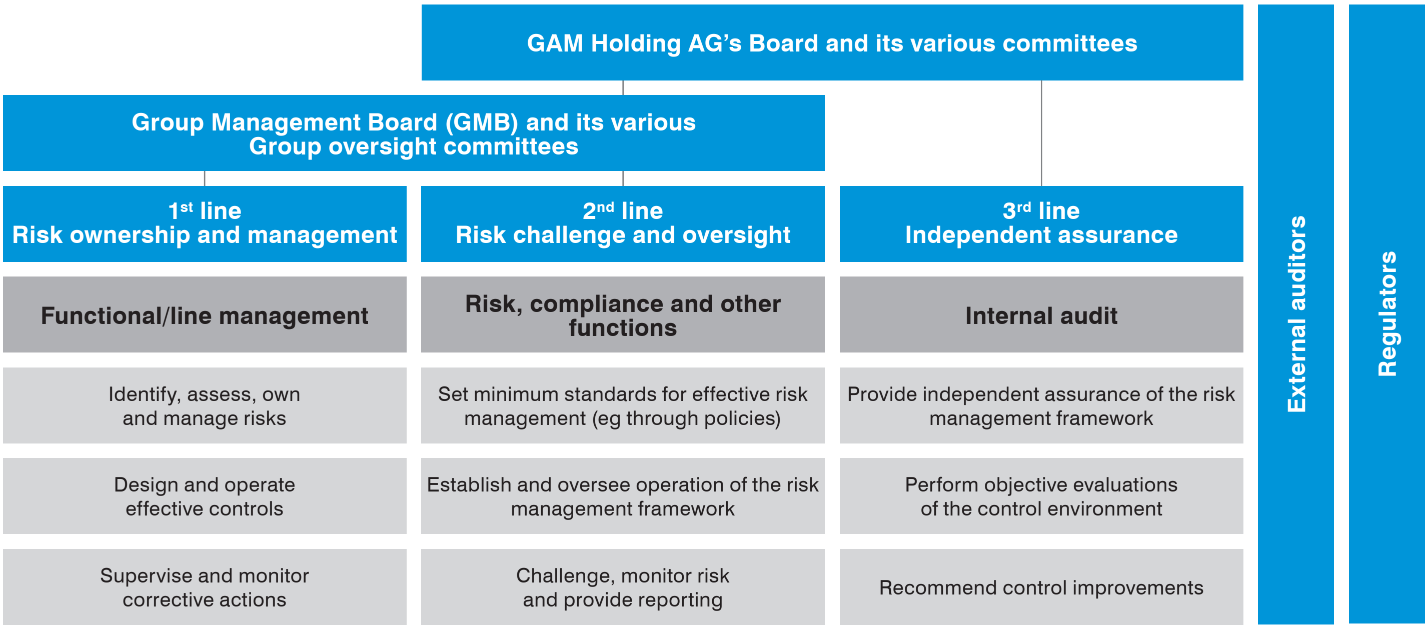
Second line of defence
Risk challenge and oversight is undertaken, among others, by the Group's risk, legal and compliance functions. These functions, who have direct reporting lines to the Group CEO, seek to provide objective oversight of the efficiency and effectiveness of how risks are managed across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

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

Third line of defence
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 and disciplined approach to evaluate the effectiveness of risk management, governance and control processes.

GAM's three lines of defence model



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, also 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 SLT, 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, 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 to mitigate them.

People and reward

Expectations on the importance of sound 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 supported by policies and procedures exist and training is provided to support 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. Management information is provided to management committees, legal entities' boards, Group oversight committees, the SLT, the GMB, the Board's committees and the Board. Regular and ad hoc risk reporting is provided detailing the risks GAM is facing and how they are managed.

Technology and infrastructure

Systems are employed to support the identification, assessment, mitigation, monitoring and reporting of risk across our three lines of defence. 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 SLT, 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, 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.

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 liquidity risks that could impair the Group's ability to conduct its business and consequently lead to the erosion of our market position, compromise the future profitability of the Group, or compromise 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 revenue margins on certain products. Additionally, a significant loss of assets under management could substantially impact our management fee revenues. Our focus remains on delivering investment outperformance so that our products remain in demand from clients. We continually develop our product offering to generate new investment opportunities so that we can ensure the breadth of our product range is differentiated and attractive to existing and potential clients.

Change in client appetite
Events in financial markets can cause gradual or rapid shifts in asset allocations and a change in client appetite for our products and services. Reduced client demand for our products and services could lead to lower inflows and/or higher outflows. We have a targeted set of products that offer clients 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.

Employees' well-being
Due to the ongoing Covid-19 pandemic, home office working has been implemented across the Group. Working remotely for prolonged periods of time can impact individuals' well-being, including mental health, and compromise their ability to perform. Employees' well-being has been given high priority, with a number of initiatives geared to providing support to employees facing challenging times.

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 under certain 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 peers, 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 are in currencies other than Swiss francs. 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 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 areas of our business can result in previously unanticipated costs or expenses. Our legal and compliance functions support the Group's activities with individuals with experience across a range of legal and regulatory topics.

Implications of the UK having left 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 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 monitor the situation between the UK and the EU in order to be prepared for any potential fundamental change in the current 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 the 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 audit.

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. Our key supplier relationships are subject to initial and regular ongoing due diligence, risk assessment and service quality monitoring.

Organisational change

Organisational changes are determined, in most cases, to increase the overall operational efficiency of the Group and 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 organisational change activities is maintained through 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 fee 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 are thoroughly 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 in 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 use of data to achieve our clients' objectives. Factors such as unauthorised access, theft by third parties, failure 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. In the ongoing Covid-19 pandemic environment in which employees are required to work remotely, working from home set-ups become a gateway to new forms of potential data theft, and companies face increased cyber security risk. Resources are devoted to protecting the resilience of the Group's IT systems and we conduct information security awareness 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.

Sustainability

> We recognise that complying with the highest sustainability standards is no longer an option; it is becoming the new norm.
>
> **Peter Sanderson, Group Chief Executive Officer**

In a world increasingly shaped by global sustainability issues from climate to Covid-19, diversity to biodiversity, we recognise that GAM must act responsibly to protect the environment and society while delivering for our clients.

As an asset manager, we want both our investment strategies and our corporate operations to reflect our aspiration for GAM to be at the leading edge of best practice on sustainability.

This is not only good for society, it is good for business. The continued growth of the global sustainable investment market – which stood at USD 30.7 trillion in 2018, a 34% increase in just two years – creates a clear opportunity for GAM to enhance its specialist offering of strategies and respond to growing client demand for investments that embed sustainability considerations. We believe our active approach to sustainability and intention to develop a compelling range of sustainable strategies will be an important contribution to the growth pillar of our corporate strategy.

That is why in 2020, GAM made sustainability a priority, strengthening our governance structure to oversee and drive forward specific improvements to our levels of ESG integration, to our stewardship activities and to the sustainability of our corporate operations.

Our aim is to deliver a sustainable commercial strategy that reduces our impact on society and the planet and enhances our ability to safeguard our clients' capital.

2020 snapshot of highlights and expectations

	Achievements in 2020 include:	Aspirations for 2021 include:
Governance	GAM ranked top-rated Swiss financial services firm for corporate governance by InRate, an independent Swiss sustainability rating agency	Become a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and report against TCFD recommendations in 2022
Embedding ESG	Awarded an A+ ranking for our responsible investment strategy and governance by the UN-supported Principles for Responsible Investment	Roll out our proprietary ESG dashboard – providing ESG data, trends and research – to all active managers to support deeper integration and active stewardship
Sustainable funds	Sustainable Swiss Equities team won "2020 Best Swiss Equities" award	Launch a range of new sustainable strategies
Corporate sustainability	GAM certified as a CarbonNeutral® company	Continue to explore becoming a certified B Corporation Improve our corporate ESG ratings across key ratings providers – targeting an A rating from MSCI by year end

Governance for sustainability

We aim for the highest standards of governance and have taken steps to strengthen our governance and leadership in the area of sustainability.

We created a new global role reporting directly to Group Chief Executive Officer Peter Sanderson. As Global Head of Sustainable and Impact Investment, Stephanie Maier is responsible for leading GAM's sustainable investment strategy, leading our Governance and Responsible Investment (GRI) team, strengthening GAM's range of sustainable investment strategies for clients and driving our efforts to be at the leading edge of best practice.

In Q1 2020, we created a new Sustainability Committee, now chaired by Stephanie Maier, which reports on our progress to the Group Management Board and Board of Directors on a quarterly basis. We also have a nominated non-executive director, Katia Coudray, who is responsible for championing sustainability at the Board level.

Our commitment to improving transparency and disclosure means we are publishing our first stand-alone Sustainability Report in 2021 and are publicly committing to disclose our management of climate risk using the TCFD framework in 2022.

Sustainable investment

Integrating ESG into our investment process

We see the inclusion of ESG analysis and research in the investment process as integral to fundamental financial analysis. It helps us identify incidents from gross misconduct to poor risk management and provides us with a more complete value creation picture for corporate business models and management.

We were delighted that last year we were awarded an A+ ranking for our responsible investment strategy and governance, and an A for ESG integration in equities, by the UN-supported Principles for Responsible Investment.

GAM does not have a one-size-fits-all approach to how ESG factors can best be incorporated into individual strategies. We take an idiosyncratic approach with such decisions devolved to the individual investment team's own assessment. For example, our Sustainable Swiss Equities team uses its proprietary 'bionic approach' that assesses how well a company adapts to its environmental and social context and uses this in its valuations and investment decisions. This strategy was launched in May 2010 and this year won the "2020 Best Swiss Equities" award. Another example is our recently launched GAM sustainable Local Emerging Bond Fund (LEBF), which builds on our original LEBF but is managed against an established ESG benchmark.

Our ESG integration methods include a quantitative assessment using multiple sources of third-party ESG data, our own materiality overlay, and a qualitative review by investment teams. Our investment teams work closely with our governance and responsible investment (GRI) team on stewardship and ESG research. The GRI team also supports investment teams by monitoring ESG issues across our whole portfolio.

In Q4 2020, the GRI team conducted an internal review of GAM's strategies across all asset classes. The results will inform both how we drive ESG integration and how we implement the appropriate requirements under the EU Sustainable Finance Disclosure Regulation.

In 2021, we plan to roll out our proprietary ESG dashboard – providing ESG data, trends and research – to all investment managers to support deeper integration and active stewardship. We successfully piloted this dashboard in 2020 and will work with each team to continue to evolve ESG integration in a way that adds the most value for each strategy.

The importance of active engagement

Stewardship and the principles of good governance are central to our approach to sustainable investment. To ensure our clients' investments deliver the returns they expect in a responsible and sustainable manner, we actively vote and engage with management to influence companies we are invested in.

We engage directly with companies, encouraging them to build robust and responsible operational processes and policies, and give due consideration to the ESG issues that might affect them.

We view engagement as key to fulfilling our duty to be a good steward for our clients' assets. The engagement process gives us valuable insights that help improve our understanding of an organisation, business or country. Our portfolio managers and analysts meet regularly with company management and, where appropriate, the non-executive directors. Frequent topics of discussion include corporate strategy, business planning and delivery of objectives, capital structure, mergers, acquisitions and disposals, and the governance of environmental and social factors. We engage in policy advocacy through groups such as the PRI Global Policy Reference Group.

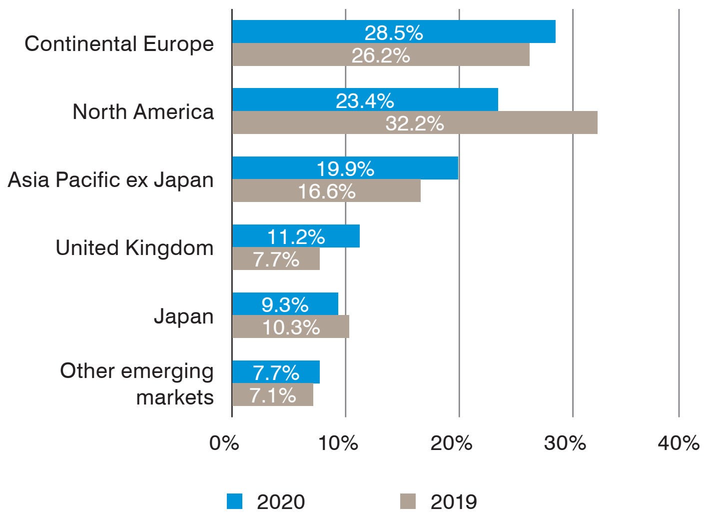
In the event of an unsuccessful engagement we will consider divestment. In the case of one holding in a South-East Asian transportation company, we engaged with the firm to discuss their treatment of workers during the Covid-19 pandemic. However, following reports of continued poor human capital standards and limited response to our engagement, we sold our position.

Where relevant we also collaborate with like-minded investors to improve the overall standards of a particular market or sector, or to amplify our voice. In 2020, our collaborative engagements included those with Access to Medicine and Access to Nutrition initiatives, as well as the Church of England-led engagement on dam safety following the Brumadinho dam disaster in Brazil. Through our new Global Head of Sustainable and Impact Investment we also sit on the Steering Committee of Climate Action 100+, the world's largest shareholder engagement, which urges the world's largest corporate greenhouse gas emitters to take necessary action on climate change.

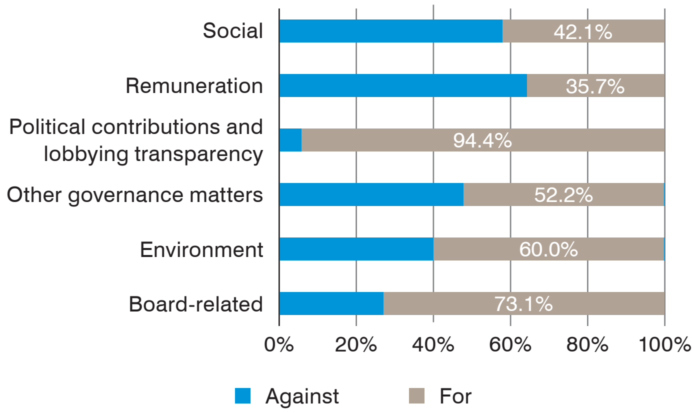
Proxy voting

Voting is a fundamental part of active asset management and at GAM we have four core proxy voting principles: Accountability, Stewardship, Independence, and Transparency. In 2020, GAM voted at 1,136 company meetings representing 97.7% of meetings across all markets, up from 96.6% in 2019. In total, we voted on 13,551 resolutions.

Meetings voted by geography



Shareholder resolutions



Corporate sustainability

> GAM's greatest asset is our talent. We want to attract and empower the brightest minds to provide the investment leadership, innovation and sustainable thinking needed to protect our clients' financial future and at the same time make a positive contribution to our planet and our society.

Peter Sanderson, Group Chief Executive Officer

Our people

At GAM, our ability to drive excellence and achieve outstanding business results hinges on our talent and the use of robust processes to drive high performance.

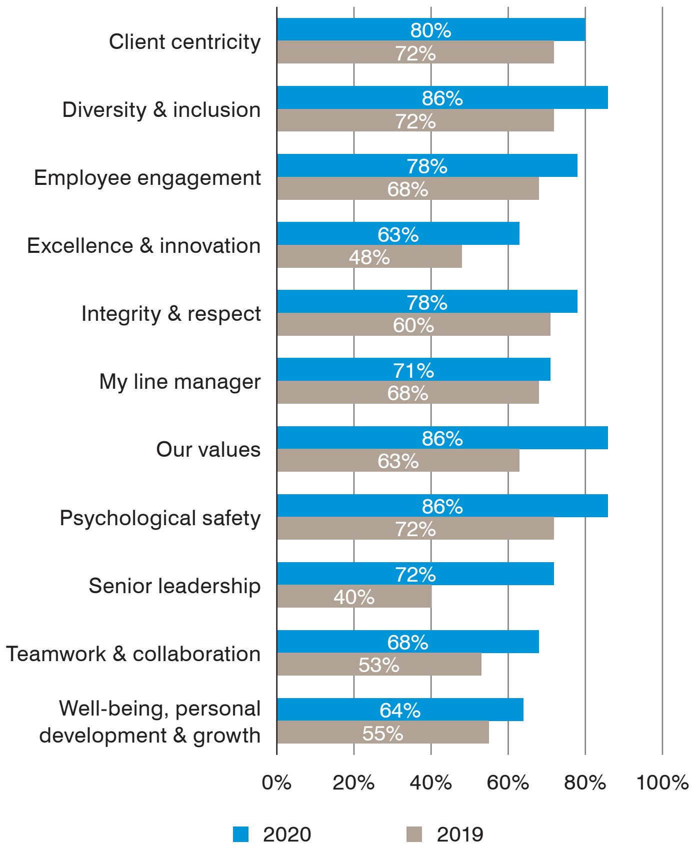
Culture, talent and training

We continuously invest in and develop our talent and promote an open culture based on mutual respect, regardless of function or rank. We monitor employee satisfaction and pursue a zero-tolerance culture for any conduct that could harm our clients, reputation, employees or other stakeholders.

In 2020, Monika Machon, a member of the GAM Holding AG Board took on the role of Culture Champion with our Chief Executive Officer, Peter Sanderson, as our senior sponsor for culture. We have a Flexible Working Group and a Culture Working Group who focus on continuously improving the inclusive culture at GAM. We also launched a series of employee engagement initiatives such as regular town halls, micro-seminars and the use of the Idea Drop platform, which allows all employees to suggest improvements, take part in various discussions and respond to challenges throughout the company. These initiatives are key to fostering an open and transparent culture, where ideas and diversity of thought are encouraged.

We conduct an annual employee engagement survey, and periodic pulse surveys, to help us understand employee experience and set areas of focus. The 2021 survey identified support for career progression and training as priorities.

Employee satisfaction survey



Personal development is encouraged through training, conducted either by GAM's in-house Learning and Development department, Lunch and Learn sessions for all staff, or at external courses and seminars.

GAM has a group-wide learning management system (GAM Learn) that provides a centralised repository for all learning and development needs, and this year, following feedback from employees, we also launched LinkedIn Learning, a new e-learning resource for all employees with a digital library of more than 6,000 courses covering a wide range of technical, business, software and creative topics. We support professional qualifications and in 2020 a number of our investment teams enrolled in the new CFA UK Certificate in ESG Investing. We will continue to encourage uptake in 2021.

Full details of our talent management can be found in our stand-alone Sustainability Report. www.gam.com/resultscentre.

People indicators

Permanent employee metrics	2020	2019
Average tenure of employees	7.7 years	7.8 years
Average age	41 years	41 years
Average experience of investment professionals	13.4 Years	13.9 years
Part-time employees	8%	8%
Training	12.1 hours	8.4 hours

Diversity, inclusion and equal opportunity

GAM offers equal employment and advancement opportunities for all individuals regardless of age, race, ethnicity, gender, sexuality, disability, religion or other characteristics.

At GAM, diversity, inclusion and equal opportunity are critical to our success. By encouraging an environment that embraces diverse perspectives, we become better investors and improved problem solvers. Creativity and collaboration are nurtured through embracing diversity. All employees are responsible for fostering an environment that creates a diverse and inclusive workplace, where we all feel valued, listened to, treated fairly and respected. By developing a diverse and inclusive environment, we become better listeners and it makes us empathetic to the needs and aspirations of our clients. Diversity and inclusion are values that attract, develop and retain exceptional colleagues and strengthen our talent.

GAM has created an employee network called Equals, which is open to all employees and actively champions equality, diversity and inclusion initiatives throughout our business. In 2020, Equals has driven initiatives that include unconscious bias e-learning, holding Support & Share virtual coffee sessions in multiple languages, promoting LGBT+ rights and establishing an Ethnic Minority Network.

GAM is an active member of several industry-level diversity and inclusion initiatives including the 30% Club to increase gender diversity at board and senior management levels and The Diversity Project to accelerate progress towards a more inclusive financial sector.

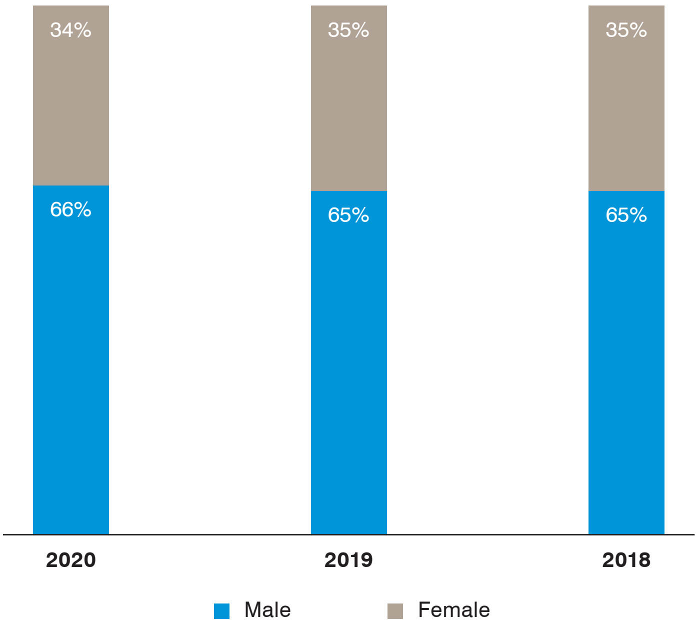
As part of our commitment to diversity and inclusion, GAM has also joined the #100blackinterns programme. The programme was established in response to a lack of black portfolio managers in the UK – where just 12 currently manage money. The objective of the initiative is to offer 100 internships to black students across the UK to help kick-start their career in investment management and to tackle the poor representation of black people in the industry.

Looking forward we also plan to review all family-friendly and agile working policies group-wide and report diversity statistics to the Group Management Board.

Total headcount

Headcount by region (in FTEs)	2020	2019
Switzerland	175	219
United Kingdom	346	399
Rest of Europe	133	141
Rest of the world	47	58
Total	701	817

Permanent employees – split between women and men



Our communities

We want deep and innovative thinking on sustainability to be captured in GAM's corporate culture. In practical terms this translates into a community strategy centred on education and well-being, and drives our work to support communities through educational programmes, recruitment and well-being programmes.

Every year GAM allocates a global budget to match staff donations to international charities for specific causes and in 2020 we established a charities policy to set out how we support organisations and causes that are aligned with our own culture and values, in particular those that focus on education and sustainability.

Total charitable donations

Year	Amount (CHF)
2019	26,819
2020	78,043

Last year we also introduced our new Community Volunteering Guidelines. All employees are now provided with an annual allowance of two days a year to volunteer in the communities where they live and work.

Our environment

To play our part in meeting the global climate challenge, GAM has a longstanding corporate commitment to lower the environmental impact of our business operations.

As a financial services firm, GAM's main source of operational greenhouse gas emissions is from heating and powering our global offices, and business travel. Although the risks to our corporate operations presented by climate change are not material, we work hard to reduce our impact and have set a commitment to become a climate positive organisation. This means going beyond being carbon neutral by removing more carbon from the environment than we emit.

Significant progress has been achieved in reducing our corporate environmental impact in recent years. The relocation of GAM's London office to a building with excellent environmental credentials in 2019, and switching our largest global offices to renewable electricity, has significantly reduced our scope 1 and 2 greenhouse gas emissions.

Our use of conventional (non-renewable) electricity has fallen by 84% between 2017 and 2020.

Investments in videoconferencing technology have further reduced the need for business travel; a trend that has been accelerated by the Covid-19 pandemic. Given the increase in home working brought about by the pandemic, we also introduced a scheme aligned to Big Energy Saving Week, which encourages employees to switch their domestic energy supply to a provider using only renewable energy sources.

We have looked to carbon offsetting projects to compensate for those emissions we have been unable to avoid. We are pleased that GAM has now been certified as a CarbonNeutral® company, through to the end of 2021. GAM has gone a step further by voluntarily committing to offset 200% of the emissions generated by our business operations and travel by supporting projects across the developing world that build renewable energy infrastructure, prevent deforestation, and reduce, avoid or remove greenhouse gas emissions. More details of these projects are published in our Sustainability Report www.gam.com/resultscentre.

In 2020, we re-evaluated and accelerated our environmental goals for renewable electricity usage and business travel, as these are our two largest sources of greenhouse gas emissions.

Renewable electricity: In order to reduce our greenhouse gas emissions further, we have set the target for all our GAM-managed global offices to be using 100% renewable electricity resources by the end of 2022. Currently, 78% of our staff are based in office buildings which source only renewable electricity.

Transport: Another key area where we are determined to reduce our greenhouse gas emissions is through reducing business travel. We are committed to challenging the need to travel and promoting alternatives such as videoconferencing. Our aim is to maintain our total distanced travelled by air at a level at least 25% below our 2018 figures. We still consider this to be a stretching target given our growth plans.

Environmental indicators

Energy	2020	2019 [1]	2018	Change in %
Electricity consumption (MWh)	**1,704**	**3,206**	**5,606**	**(69.6)%**
of which renewable electricity	1,023	2,088	4,436	(76.9)%
of which non-renewable	681	1,118	1,170	(41.8)%
Heating natural gas	**564**	**1,148**	**972**	**(42.0)%**
Total energy consumption (MWh)	2,268	4,354	6,578	(65.5)%
Business travel – flights (km)	845,190	5,177,042	8,040,372	(89.5)%
Net carbon emissions (tCO_2e)	624	1,908		
Scope 1 & 2	452	576		
Scope 3	172	1,332		
Total activities (tCO_2e)	**624**	**1,908**	**3,260**	**(80.9)%**
Total per FTE	0.87	2.28	3.43	(74.6)%
Double carbon offsetting commitment (tCO_2e)	1,248	3,816		

[1] 2019 data has been updated using actual figures rather than estimates which were disclosed in the 2019 Annual Report. Similarly, the 2020 Annual Report includes some estimated data and will be independently verified when actual data becomes available.

Our suppliers

GAM has a wide and diverse supply chain and is committed to ensuring its suppliers uphold fair working practices and minimise their impact on the environment.

Wherever possible, GAM aims to work with and support local suppliers, helping to grow the local economy as well as reducing emissions released while transporting goods. In 2020, our total procurement spend with local vendors in London and Cambridge was over 85%, while in Dublin and Zurich it was over 60%.

We ensure that all service providers operating at our London office pay the London Living Wage, and during the Covid-19 pandemic we have made sure that the salary of any furloughed contractors does not drop below the level set by the London Living Wage.

GAM also conducts due diligence in its procurement process to determine the extent of its exposure to the risk of negative environmental or social impacts.

For further details, please see our Sustainability Report www.gam.com/resultscentre.

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 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 shareholders and all other 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, clients, 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 until 30 November 2020 was 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 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 88, and article 11 of the articles of incorporation which can be found at www.gam.com/aoi2020.

The following information corresponds to the situation as at 31 December 2020 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 composition of the Board of Directors and the Group Management Board of GAM Holding AG is reflected below.

GAM Holding AG

Board of Directors
David Jacob – Chairman
Benjamin Meuli – Vice Chairman
Katia Coudray
Jacqui Irvine
Monika Machon
Nancy Mistretta
Thomas Schneider[1]

Group Management Board
Peter Sanderson – Group Chief Executive Officer
Richard McNamara – Group Chief Financial Officer
Elmar Zumbuehl – Group Chief Risk Officer
Steve Rafferty – Group Chief Operating Officer[2]

Core activities

Investment management	Private labelling

[1] New member of the Board of Directors since 30 April 2020.
[2] Joined the Group Management Board on 1 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 2020.[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%**
Jörg Bantleon[4]	10.08%	-	**10.08%**
Schroders plc[5]	5.067%	-	**5.07%**
Mario J. Gabelli[6]	1.65%	1.38%	**3.02%**
Dimensional Holdings Inc.[7]	3.00%	-	**3.00%**
GAM Holding AG[8]	2.31%[9]	-	**2.31%**

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 Jörg Bantleon, D-80799 Munich. Bantleon Bank AG, Bahnhofstrasse 2, 6300 Zug, Switzerland (as at 24 July 2020).

5 Schroders plc, London, UK (as at 11 November 2020).

6 Mario J. Gabelli, New York, USA (as at 14 November 2018).

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

8 GAM Holding AG, Zurich, Switzerland.

9 As at 31 December 2020 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 6.34% 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 2020 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 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.

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 2020, 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 2020, 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 30 April 2021, 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/aoi2020.

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 Share buy-back programme

The Group's share buy-back programme, that is designed to purchase shares on the ordinary trading line to cover share-based payments and to purchase shares on the second trading line designated for cancellation, started on 5 May 2020, following the expiration of its predecessor programme (2017–2020). It allows for the repurchase of up to 16.0 million shares over a maximum period of three years. During 2020, a total of 1,820,000 shares were repurchased over the first trading line to cover share-based payments. No shares were repurchased for cancellation in 2020. The aggregate consideration paid by the Company for shares repurchased during 2020 was CHF 3.5 million.

2.5 Shares and participation certificates

	2020	2019
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.

2.6 Bonus certificates

There are no bonus certificates.

2.7 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 2020, 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.

2.8 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

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

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 https://www.gam.com/en/our-company/investor-relations/articles-of-incorporation, we disclose mandates and interests 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.

David Jacob (56)
Group Chairman. Independent non-executive
Appointed to the Board: 27 April 2017
Group Chairman Since: 1 October 2019

Skills and experience:
David has been a member of the Board of Directors of GAM Holding AG since 2017 and was appointed Interim Group Chief Executive Officer and a member of the Group Management Board in November 2018 until August 2019. He served as a member of the Audit Committee and the Compensation Committee from 2017 until November 2018. Prior to joining GAM, he was the Chief Executive Officer of Rogge Global Partners Ltd, a position he held from 2014 until 2017. 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 is a US and UK citizen.

Committee memberships:
David is a member of the Governance & Nomination Committee.

External appointments:
- Advisor to the Investment Committee of the National Trust Pension Fund, England (non-listed entity)
- Vice Chair 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).

Katia Coudray (51)
Independent non-executive director
Appointed to the Board: 8 May 2019

Skills and experience:
Katia Coudray is currently the CEO of Asteria Investment Managers and was formerly the 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 Multi-Management and Innovation Platform at Union Bancaire Privée (UBP) for 10 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 is a Swiss citizen.

Committee memberships:
Katia is a member of the Audit Committee and the Compensation Committee.

External appointments:
- 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.

Jacqui Irvine (48)
Independent non-executive director
Appointed to the Board: 8 May 2019

Skills and experience:
Jacqui Irvine is the former Group General Counsel and Company Secretary of Janus Henderson Group plc. Before the merger of Janus Capital Group and Henderson Group in 2017 she was General Counsel and Company Secretary at Henderson Group plc. Prior to that, she was Head of Legal at Henderson Global Investors between 2009 and 2011, having joined the company in 1996 and qualifying as a solicitor in 2000. Jacqui holds a BA in Law and Psychology from the University of the Witwatersrand in Johannesburg, South Africa, as well as a Postgraduate Diploma in Law from the University of the West of England in Bristol, UK, and a Postgraduate Diploma in Legal Practice from the College of Law in London, UK. She is a UK citizen.

Committee memberships:
Jacqui is Chair of the Governance and Nomination Committee, and a member of the Compensation Committee and the Risk Committee.

External appointments:
None.

Monika Machon (60)
Independent non-executive director
Appointed to the Board: 8 May 2019

Skills and experience:
Monika Machon was formerly a Senior Vice President at AIG (2009 to 2016), serving as Treasurer (2013 to 2016) and Chief Investment Officer/Global Head of Asset Management (2009 to 2013). Monika joined AIG from Barclays Capital in 1998, and held various investment roles, including CEO (2005 to 2008) and Chair (2008 to 2010) at AIG Investments Europe Limited. She holds a BSBA (Management) from Rockhurst College, as well as an MBA (Finance) and a Juris Doctor from Indiana University. Monika is a CFA Charterholder. She is a German and UK citizen.

Committee memberships:
Monika is Chair of the Risk Committee and a member of the Audit Committee.

External appointments:
- Chair of the Board of Directors of Embark Investments Ltd, a UK Authorised Corporate Director (non-listed entity)
- Member of the Board of Directors, member of the Audit Committee and Chair of the Investment Committee of the Tanenbaum Center for Interreligious Understanding (non-profit organisation).

Benjamin Meuli (64)
Independent non-executive director
Appointed to the Board: 27 April 2016

Skills and experience:
Benjamin Meuli has been a member of the Board of Directors of GAM Holding AG since 2016. Benjamin is an Executive Board Member and the Chief Financial Officer of Convex Group Ltd, a Bermuda-based specialty property casualty insurance and reinsurance company, which began operations in May 2019. Prior to that, he was the Chief Investment Officer at XL Group, a position he held from 2015 to 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 is a Swiss and UK citizen.

Committee memberships:
Benjamin is a member of the Audit Committee and Risk Committee. He formerly chaired the Audit Committee from May 2017 to October 2020.

External appointments:
- Member of the Partnership Council at Clifford Chance, England (non-listed entity)
- Président 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 (66)
Independent non-executive director
Appointed to the Board: 27 April 2016

Skills and experience:
Nancy Mistretta has been a member of the Board of Directors of GAM Holding AG since 2016. She has served as a member of the Governance and Nomination Committee and the Compensation Committee, 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 Compensation Committee. She is also a director of the North American Holding Company of HSBC, where she chairs the Nomination and Governance Committee and serves on the Audit Committee and the Risk Committee. Nancy holds a BA in psychology from the Smith College. She is a US citizen.

Committee memberships:
Nancy is Chair of the Compensation Committee and a member of the Governance and Nomination Committee.

External appointments:
- Member of the Board of Directors, Chair of the Audit Committee and member of the Compensation Committee of the Board of Directors of Scotts Miracle-Gro, USA (listed entity)
- Member of the Board of Directors, Chair of the Nomination and Governance Committee, member of the Audit Committee and Risk Committee of the Board of Directors of HSBC North American Holding Inc., USA (non-listed entity).

Thomas Schneider (56)
Independent non-executive director
Appointed to the Board: 30 April 2020

Skills and experience:
Thomas has extensive experience in auditing and advisory and brings in-depth knowledge of the Swiss market, having spent 27 years with Ernst & Young working with a variety of Swiss and financial services companies, including asset management institutions. After joining Credit Suisse in 2014, he was Chief Auditor for the International Wealth Management division and, most recently, Head of Internal Audit for Credit Suisse Switzerland AG, positions he held between 2014 and 2018. He is a Certified Swiss Accountant and holds an MSc in Business Administration from the University of Wales & GSBA Zurich. He is a Swiss citizen.

Committee memberships:
Thomas is Chair of the Audit Committee (effective 1 October 2020) and a member of the Risk Committee.

External appointments:
- Chairman of the Board of Directors of BLKB Basellandschaftliche Kantonalbank, Switzerland (listed entity)
- Member of the Board of Directors of Swisscleantech, Zurich (non-listed entity).

Changes in the Board of Directors
At the Annual General Meeting held on 30 April 2020, 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 30 April 2020 one new candidate for election as a member of the Board of Directors. Thomas Schneider was elected as a new member of the Board of Directors for a one-year term of office. Thomas became a member of the Risk Committee and of the Audit Committee and took Chair of the latter from 1 October 2020. Hugh Scott-Barrett stepped down from his role as non-executive director at the conclusion of the AGM on 30 April 2020.

3.2 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.

3.3 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 matters);
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 independent 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 Chair and the members of the Compensation Committee. From among its members, the Board of Directors elects the Chair 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, Group Chief Operating 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 16 meetings, including a full Strategy Day.

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

January to June 2020

January to June 2020	Jan	**Feb** [4]	Mar	Apr	**May** [4]	Jun
David Jacob	✓	✔	✓	✓	✔	✓
Benjamin Meuli	✓	✔	✓	✓	✔	✓
Nancy Mistretta	✓	✔	✓	✓	✔	✓
Jacqui Irvine	✓	✔	✓	✓	✔	✓
Monika Machon	✓	✔	✓	✓	✔	✓
Katia Coudray	✓	✔	✓	✓	✔	✓
Hugh Scott-Barrett [1, 3]	✓	✔	✓	✓	n/a	n/a
Thomas Schneider [2, 3]	n/a	n/a	n/a	n/a	✔	✓

[1] Hugh Scott-Barrett did not stand for re-election at the 2020 AGM.
[2] Thomas Schneider was appointed to the Board on 30 April 2020.
[3] For the months where 'n/a' has been indicated, the relevant individual was not a member of the Board of Directors.
[4] Scheduled quarterly meetings.

July to December 2020

July to December 2020	Jul	Aug	**Sep** [4]	Oct	Nov	**Dec** [4]
David Jacob	✓	✓	✔	✓	✓	✔
Benjamin Meuli	✓	✓	✔	✓	✓	✔
Nancy Mistretta	✓	✓	✔	✓	✓	✔
Jacqui Irvine	✓	✓	✔	✓	✓	✔
Monika Machon	✓	✓	✔	✓	✓	✔
Katia Coudray	✓	✓	✔	✓	✓	✔
Thomas Schneider	✓	✓	✔	✓	✓	✔

[4] 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 Chair 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 four non-executive members. It convenes at least once per quarter, for on average approximately two to three hours. During the year under review the Audit Committee held 10 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 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: Thomas Schneider (Chair), Benjamin Meuli, Monika Machon and Katia Coudray.

Changes in the Audit Committee

Benjamin Meuli stepped down as Chair of the Audit Committee, with Thomas Schneider as successor effective 1 October 2020.
Prior to this date Thomas was a member of the Audit Committee from 30 April 2020.

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 four non-executive members. The Committee was established in May 2019. The Committee convenes at least once per quarter, for on average approximately two to three hours. During the year under review the Risk Committee held six meetings as well as one joint meeting with the Audit Committee. 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 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 (Chair), Benjamin Meuli, Thomas Schneider and Jacqui Irvine.

Changes in the Risk Committee

Thomas Schneider became a member of the Risk Committee on appointment effective 30 April 2020.

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 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 (Chair), Katia Coudray and Jacqui Irvine.

Changes in the Compensation Committee

At the Annual General Meeting held on 30 April 2020, all members of the Compensation Committee who ran for re-election were re-elected for a one-year term of office. Jacqui Irvine was newly elected for a one-year term of office as member of the Compensation Committee after Benjamin Meuli stood down from the Compensation Committee at the Annual General Meeting on 30 April 2020.

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 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: Jacqui Irvine (Chair), Nancy Mistretta and David Jacob.

Changes in the Governance and Nomination Committee
David Jacob became a member of the Governance and Nomination Committee after Hugh Scott Barrett's decision not to stand for re-election at the Annual General Meeting on 30 April 2020.

3.4 Group Management Board

The Group Management Board is chaired 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.

3.5 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, Group Chief Operating 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, Group Chief Operating 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 meeting of the Governance and Nomination Committee, and the Group Head of Human Resources regularly participates at the meetings of the Compensation Committee and the Governance and Nomination 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.

3.6 Board Compensation

For the compensation paid to, and shareholdings of, the members of the Board of Directors, 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 88, and article 11 of the articles of incorporation which can be found at www.gam.com/aoi2020.

4. GROUP MANAGEMENT BOARD

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 GAM Holding AG's Group Management Board in September 2019. Before joining GAM as Group Chief Executive Officer, he was a Managing Director at BlackRock, most recently as Head of Financial Services Consulting in EMEA and a member of BlackRock's EMEA Executive Committee, positions he held from 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 Global Investors, 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.

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. Prior to 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 of 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.

Steve Rafferty, Group Chief Operating Officer

Steve Rafferty was appointed Group Chief Operating Officer in 2019 and became a member of GAM Holding AG's Group Management Board in April 2020. Before joining GAM, Steve was a Managing Director at BlackRock for sixteen years, most recently as Global Chief Operating Officer for the fixed income business. Steve joined BlackRock (formerly Barclays Global Investors) in 2003, within the fund oversight team before joining the fixed income business in 2006, where he held product strategy, investment process and regional chief operating roles. Prior to this, he worked in financial services audit at KPMG. Steve holds a BEng in Civil Engineering from Loughborough University. He is also a qualified chartered accountant and is a CFA charterholder. Steve was born in 1973 and is a UK citizen.

Changes in the Group Management Board

Effective 1 April 2020, Rachel Wheeler – Group General Counsel, Tim Rainsford – former Group Head of Sales and Distribution and Martin Jufer – Group Head of Private Labelling, stepped down from the Group Management Board. On the same date, Steve Rafferty, Group Chief Operating Officer, was appointed to 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/aoi2020, we disclose mandates and interest ties of the members of the Group Management Board outside the Group:

Peter Sanderson
None

Richard McNamara
None

Elmar Zumbuehl
None

Steve Rafferty
None

4.3 Management contracts

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

4.4 Group Management Board Compensation

For the compensation paid to, and shareholdings of, the members of 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 88, and article 11 of the articles of incorporation which can be found at www.gam.com/aoi2020.

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. Due to the Covid-19 pandemic, and under the Covid-19 Ordinance 2 of March 2020, shareholders were unable to attend the Annual General Meeting held on 30 April 2020, and all shares were exclusively represented by the independent representative appointed at the 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 which time instructions can be electronically given to the independent representative.

The 2020 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 2021 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/aoi2020), 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, administers 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. Thomas Dorst assumed the role of lead auditor for the financial years 2019 and 2020. 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 1.9 million in the 2020 financial year (CHF 1.6 million in the 2019 financial year). For non-auditing services, the Group paid KPMG AG fees totalling CHF 0.06 million in the 2020 financial year (CHF 0.06 million in the 2019 financial year), whereof CHF 0.05 million for audit-related services (CHF 0.05 million in the 2019 financial year) and CHF 0.01 million for tax services (CHF 0.01 million in the 2019 financial year).

In addition, KPMG AG received CHF 1.7 million (all of which for auditing services) in the 2020 financial year (CHF 2.2 million in the 2019 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 Chair 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 Chair of the Audit Committee.

The Head of Internal Audit reports to the Chair 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 provides 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 Chair 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

21 April 2021	Q1 Interim management statement
29 April 2021	Annual General Meeting 2021
4 August 2021	Half-year results 2020
21 October 2021	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 2020. At the Annual General Meeting in April 2020, shareholders approved the remuneration proposals by a large majority, and on behalf of the Board, we would like to thank you for your support.

Changes to the Compensation Committee and Group Management Board in 2020

The Compensation Committee welcomed Jacqui Irvine as a new member of the Committee following last year's Annual General Meeting.

In order to streamline decision-making and to provide a clearer allocation of responsibilities, the membership of the Group Management Board changed with effect from 1 April 2020. The revised membership includes: Peter Sanderson, Group Chief Executive Officer, Richard McNamara, Group Chief Financial Officer, Elmar Zumbuehl, Group Chief Risk Officer and Steve Rafferty, Group Chief Operating Officer.

Compensation for 2020

While we are making good progress on our strategy to make GAM 'fit for the future', the Group has not been immune to some of the toughest market conditions the industry has seen, and we saw our assets under management decline, and the associated impact on our revenues, as a result of the Covid-19 pandemic. We saw strong investment performance up until the end of February but this was subsequently impacted by the market environment during March. This market environment and the impact on the Group's assets under management required an immediate response to accelerate our efficiency goals with a focus on materially reducing the timelines for achieving these efficiencies. As a result, we reduced our total expenses including variable and fixed costs, in excess of CHF 71 million for the full year 2020, ahead of the CHF 65 million target announced in April 2020. Our investment strategies continue to deliver performance for clients, and we are seeing high levels of positive client interaction with a strong focus on growth opportunities. Our strategy remains on track, and we have strong leadership in place across the firm to deliver on the opportunity for GAM to grow.

At the same time, due to the Covid crisis, we saw a decline in assets under management and related revenues in investment management resulting in our financial targets not being met.

In line with our compensation framework, which provides a strong foundation for aligning our remuneration with the overall expectations of our shareholders, and based on the financial performance of the Group for 2020, there will again be no variable compensation (neither annual bonus nor long-term incentive plan) granted to current members of the Group Management Board. While the Board recognises that the Group Management Board demonstrated the required strong leadership, coordination and determination throughout the year to navigate the Group through the complex and fast moving business environment, the financial underperformance and the impact on our shareholders continues to be a dominant factor when considering the variable compensation in respect of the Group Management Board. Notwithstanding the above, the Group Management Board continue to demonstrate commitment and enthusiasm about growth opportunities, and together with the additional hires in senior leadership, they all remain focused on making GAM fit for the future.

The total compensation of all employees combined with our reduced underlying net fee and commission income has resulted in a compensation ratio for 2020 of 64.5%. 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 2020, any bonus awards granted under the annual discretionary bonus plan for the non-Group Management Board employees will be fully deferred.

Compensation for 2021

As part of the ongoing review of the compensation framework, the Compensation Committee has introduced a cap on variable compensation for both the Group Chief Risk Officer and the Group Chief Operating Officer. This cap is in line with the existing cap for the Group Chief Financial Officer, which is 200% of base salary for the annual bonus and 200% of base salary for the long-term incentive award. The Group Chief Executive Officer variable compensation with respect to both the annual bonus and long-term incentive award will continue to be capped at a maximum of 300% and 250% of his base salary respectively. The base salaries for all members of the Group Management Board remain unchanged for 2021.

As announced earlier in the year, the Board of Directors reviewed its fee structures and, in recognition of the market environment and the resulting impact on GAM, the Directors agreed to waive a portion of their fees, in respect of the period from AGM 2020 to AGM 2021. David Jacob agreed to waive forty per cent of his total fees and the other members of the Board of Directors agreed to waive sixty per cent of their Committee fees. We have taken the decision to make this waiver permanent given the continued challenge to profitability facing GAM. Further details of the Board of Directors fees are included in sections 5 and 6.1 of this report.

Compensation for shareholder approval at 2021 AGM

Board compensation
As noted in this letter, in respect of the 2021 AGM, the overall fixed compensation requested for the Board of Directors will be decreased to CHF 1.975 million, representing a 16% reduction from the level requested last year. 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 3.25 million from CHF 4.5 million.

Group Management Board variable compensation
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 2020. 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 industry challenges, 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 of GAM as outlined earlier in the Annual Report. We look forward to your continued support at the Annual General Meeting of Shareholders.

Nancy Mistretta
Chair of the Compensation Committee

18 February 2021

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 other GMB members 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 Chair's letter of this report, the GMB will not receive any variable compensation for performance year 2020, 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	2021 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 3,250,000. **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	2021 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 GMB members are capped as a percentage of salary. This is at a maximum of 300% for the Group CEO and at a maximum of 200% of salary for all other members. 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 other GMB members 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 Chair's letter in this report there will be no LTIP awards in relation to the 2020 performance year. LTIPs 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, Franklin Resources, 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 2020, in recognition of the Group's financial position, any variable compensation will be significantly reduced in terms of quantum and will be fully deferred for a significant proportion of non-GMB employees.

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 2020

This section of the report outlines the total fixed and variable compensation for members of the Group Management Board (GMB), comparing 2020 with 2019. It also provides details of the performance targets used to determine variable compensation awards for 2020.

4.1 The total fixed and variable compensation to the members of the Group Management Board in respect to financial years 2020 and 2019 (audited)

	Group CEO [1]		Group CFO [2]		Aggregate GMB (inclusive of CEO and CFO)	
(in CHF)	**2020**	2019	**2020**	2019	**2020**	2019
Base salary	750,000	254,423	603,032	635,968	2,514,589	3,785,756
Fixed equity award	-	659,745	-	-	-	659,745
Pension fund contributions	67,445	23,565	23,504	26,711	252,695	377,442
Social security contributions	112,815	128,863	84,692	89,137	321,047	566,350
Other benefits	9,454	2,895	4,358	5,067	26,210	37,504
Total fixed compensation	**939,713**	**1,069,491**	**715,586**	**756,883**	**3,114,541**	**5,426,797**
Annual bonus [3]						
Cash payments	-	-	-	-	-	-
Deferred bonus	-	-	-	-	-	-
Pension fund contributions	-	-	-	-	-	-
Social security contributions	-	-	-	-	-	-
LTIP [3]						
Performance shares	-	-	-	-	-	-
Social security contributions	-	-	-	-	-	-
Total discretionary variable compensation	**-**	**-**	**-**	**-**	**-**	**-**
Total compensation	**939,713**	**1,069,491**	**715,586**	**756,883**	**3,114,541**	**5,426,797**

[1] The highest-paid member of the GMB in 2020 was the Group CEO, Peter Sanderson, with a total compensation of CHF 939,713 including CHF 112,815 employer's social security contributions.

[2] The Group CFO salary remains unchanged. The year-on-year difference is reflective of the exchange rate used when converting from GBP to CHF.

[3] No annual bonus or LTIP grant in respect of the Group Management Board are included for shareholder approval in respect of the 2020 performance year.

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

In 2020, no compensation was awarded to former members of the Group Management Board.

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

In 2020, 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 2020, 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 2020 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 2020

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 (14.9) million;
- Operating margin for 2020 of (4.7)%;
- The investment management business experienced net outflows of CHF 10.6 billion;
- Over the three-year period to 31 December 2020, 23% 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
Maximum annual bonus of the Group CEO is capped at 300% of salary and for the Group CFO the maximum annual bonus 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 CEO and the Group CFO annual bonuses 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 2020. As a result of the changes to composition of the membership of the Group Management Board with effect from 1 April 2020, the Compensation Committee reviewed the weightings of each of the financial metrics for both the Group CEO and the Group CFO as highlighted in the table below and as noted in the Chair’s letter.

Financial metrics (60%)

Metric	Weighting Group CEO	Weighting Group CFO	Threshold (25% of max)	Target (50% of max)	Maximum (100%)	Actual	Vesting (% of performance metric) Group CEO	Vesting (% of performance metric) Group CFO
Underlying profit before taxes [1]	20%	25%	0.7	21.9	53.4	(14.9)	0.0%	0.0%
Three-year investment performance [2]	15%	10%	50.0%	62.5%	75.0%	23%	0.0%	0.0%
Operating margin [3]	10%	15%	0.9%	7.6%	15.1%	(4.7%)	0.0%	0.0%
Net flows [4]	15%	10%	(3)	0.0	3.0	(10.6)	0.0%	0.0%
Total [5]	**60%**	**60%**					**0%**	**0%**

[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 2020.
[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
Given the financial performance of the Group and in line with our compensation framework, the Group CEO and the Group CFO, along with the rest of the Group Management Board, will not receive variable compensation for the 2020 performance year.

Performance assessment of the Group Management Board Members
The Group Management Board played an integral part in forming the Group's original strategy for 2020 and were key to providing a pathway to meet the efficiency, transparency and growth goals to make GAM fit for the future.

The Covid-19-related market correction required a critical re-evaluation to reset and increase efficiency goals and required extreme focus on execution to materially reduce the timelines for those objectives. The Group Management Board demonstrated the required strong leadership, coordination and determination throughout the year to safely navigate the Group in a complex and fast moving business environment.

Some of the notable accomplishments achieved by the Group Management Board include:

Continued work on accelerated efficiency programme on track
Reduction of total expenses, including variable and fixed costs, in excess of CHF 71 million in full year 2020 compared to full year 2019 was achieved;

Significant technological upgrades
Implementation of SimCorp, a fully-integrated front-to-back solution, continues to be on track and will enhance client experience, improve transparency, increase operating effectiveness and generate efficiencies;

Partnership with WorkDay, an enterprise resource planning solution, as our new corporate platform provider. This will deliver a single consolidated system which will reduce complexity and bring numerous efficiency benefits to our HR and finance processes. Established resilient operations in a Covid-19 remote working environment.

Agile working
Employees working remotely since mid-March, with high productivity, collaboration and engagement levels.

New leadership
Sales and Distribution co-heads: A new leadership structure was put in place to facilitate the enhanced focus on specific client segments. Jeremy Roberts joined as Global Head of Distribution, with a focus on wholesale clients, and Jill Barber joined in the newly created role of Global Head of Institutional Solutions. They will together lead GAM's sales and distribution efforts.

Global Head of Sustainable and Impact Investment: In this newly created global role, Stephanie Maier will be responsible for leading GAM's sustainability strategy and strengthening the firm's ESG proposition for clients.

Sustainable investment
Continued development and efforts relating to sustainability, with initiatives focused on responsible investing, corporate sustainability, diversity and inclusion and culture.

GAM has improved its scoring on the six UN Principles for Responsible Investment, the PRI assessment. The Group achieved its first ever A+ for the strategy and governance module, putting GAM in the top quartile of all signatories globally. As well as improving the overall scores, the firm made excellent progress on the Local Emerging Bond strategy, which achieved an A rating in the 'Fixed Income – sovereign category', which is above the median and puts the Group in the top 40% of all signatories. These results, and the firm's progress over the past two years, demonstrate that the Group's strategic approach to ESG is beginning to have real impact.

4.6 Long-term incentive grant to be awarded in 2021

In line with section 4.1, as there will not be any variable compensation 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 2021.

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 2020 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 Chair 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.

As announced earlier in 2020 the Board of Directors agreed to waive a portion of their fees, in respect of the period from AGM 2020 to AGM 2021. The table below outlines the fees excluding the voluntary waiver for this period. As stated in the Chair's letter of this report, with effect from the 2021 AGM, the Board of Directors have taken the decision to make the current voluntary waiver of fees permanent. The updated fees are outlined in the table below.

(in CHF)	AGM 2019 to AGM 2020	AGM 2020 to AGM 2021	AGM 2021 to AGM 2022
Fixed cash fee			
Chairman of the Board	300,000	200,000 [4]	150,000
Vice-chairman of the Board	100,000	80,000	100,000
Other members of the Board	100,000	100,000	100,000
Share-based fee			
Chairman of the Board	200,000 [1]	300,000 [2, 4]	150,000 [3]
Vice-chairman of the Board	100,000 [1]	120,000 [2]	120,000 [3]
Other members of the Board	100,000 [1]	100,000 [2]	100,000 [3]
Supplementary cash fees			
Chair of the Audit Committee	40,000	40,000 [5]	16,000
Chair of the Risk Committee	40,000	40,000 [5]	16,000
Chair of the Compensation Committee	40,000	40,000 [5]	16,000
Chair of the Governance and Nomination Committee	20,000	20,000 [5]	8,000
Other members of the Audit Committee	20,000	20,000 [5]	8,000
Other members of the Risk Committee	20,000	20,000 [5]	8,000
Other members of the Compensation Committee	20,000	20,000 [5]	8,000
Other members of the Governance and Nomination Committee	10,000	10,000 [5]	4,000

[1] Equity with this fair value was granted following AGM 2019 and vested on the day before the Company's 2020 AGM.
[2] Equity with this fair value was granted following AGM 2020 and will vest on the day before AGM 2021.
[3] Equity with this fair value will be granted following the AGM 2021 and will vest the day before AGM 2022.
[4] As outlined in the Chair's letter for the period AGM 2020 to AGM 2021, the Chairman of the Board of Directors agreed to voluntarily waive 40% of his total fees.
[5] As outlined in the Chair's letter for the period AGM 2020 to AGM 2021, the members of the Board of Directors agreed to voluntarily waive 60% of their Committee fees.

6. BOARD OF DIRECTORS COMPENSATION FOR FINANCIAL YEAR 2020

This section of the report outlines the total fixed compensation for members of the Board of Directors, in respect to financial years 2020 and 2019.

6.1 The total compensation to the Board of Directors in respect to financial years 2020 and 2019 (audited)

For the period AGM 2020 to AGM 2021 the Board of Directors agreed to waive a portion of their fees. The table below outlines the compensation for financial year 2020 and includes the reduced compensation from May 2020. The total compensation for financial year 2020, had the waiver not been in place, would have amounted to CHF 2,240,279.

(in CHF)		Fixed cash fee	Committee fee [3]	Share-based fee [6]	Social security	Other benefits	Total compensation [7]
David Jacob [1]	2020	196,667 [3]	-	154,999 [4]	48,530	-	**400,196**
	2019	151,471	-	160,268	42,641	-	**354,380**
Benjamin Meuli	2020	86,667	40,667	119,999 [4]	19,142	-	**266,474**
	2019	106,667	80,000	99,996	19,778	-	**306,441**
Nancy Mistretta	2020	100,000	30,000	100,000 [4]	-	-	**230,000**
	2019	100,000	50,000	99,996	-	-	**249,996**
Katia Coudray [2]	2020	100,000	24,000	100,000 [4]	17,421	-	**241,421**
	2019	66,667	26,667	99,996	13,812	-	**207,142**
Jacqui Irvine [2]	2020	100,000	26,000	100,000 [4]	31,188	-	**257,188**
	2019	66,667	20,000	99,996	24,736	-	**211,399**
Monika Machon [2]	2020	100,000	36,000	100,000 [4]	32,568	-	**268,568**
	2019	66,667	40,000	99,996	27,582	-	**234,245**
Thomas Schneider [2]	2020	66,667	12,667	100,000 [4]	14,054	-	**193,387**
	2019	-	-	-	-	-	**-**
Hugh Scott-Barrett [5]	2020	33,333	6,667	-	5,520	-	**45,520**
	2019	267,650	5,000	139,725	55,423	-	**467,798**
Ezra Field [5]	2020	-	-	-	-	-	**-**
	2019	33,333	6,667	-	-		**40,000**
Monica Mächler [5]	2020	-	-	-	-	-	**-**
	2019	33,333	13,333	-	2,391	-	**49,057**
Diego du Monceau [5]	2020	-	-	-	-	-	**-**
	2019	33,333	10,000	-	-	-	**43,333**
Total	2020	**783,334**	**176,000**	**774,998**	**168,422**	**-**	**1,902,754** [6]
	2019	**925,788**	**251,667**	**799,973**	**186,363**	**-**	**2,163,791** [6]

1 As Chairman of the Board of Directors, David Jacob is not eligible to receive committee fees.

2 Katia Coudray, Jacqui Irvine and Monika Machon were elected as members of the Board of Directors at the 2019 AGM. Thomas Schneider was elected as a member of the Board of Directors at the 2020 AGM.

3 As outlined in the Chair's letter for the period AGM 2020 to AGM 2021, the Chairman of the Board of Directors agreed to voluntarily waive 40% of his total fees. In addition all members of the Board of Directors, agreed to voluntarily waive 60% of their Committee fees.

4 On 1 May 2020, the Board of Directors (excluding the Chairman and Vice Chairman) were awarded in aggregate the right to receive 246,305 GAM Holding AG shares (at a fair value of CHF 2.03 per share based on the share's closing price on the first trading line at the SIX Swiss Exchange on 30 April 2020). On the same day, the Chairman and the Vice Chairman of the Board of Directors received 76,354 and 59,113 shares respectively with a fair value of CHF 2.03. These shares will vest and be delivered on the day before the Company's 2021 AGM.

5 Hugh Scott-Barrett resigned as a member of the Board of Directors at the 2020 AGM. Diego du Monceau, Ezra Field and Monica Mächler resigned as members of the Board of Directors at the 2019 AGM.

6 Total fixed compensation (including employer's social security costs) paid to the Board of Directors between AGM 2019 and AGM 2020 was CHF 2,095,451 and between AGM 2020 and AGM 2021 was CHF 1,785,938. The figure for AGM 2020 to AGM 2021 includes an estimate for the period from 1 January to 30 April 2021 and also includes the voluntary reduction in the fees as outlined in the Chair's letter. These totals were both within the maximum value approved by shareholders, CHF 2,350,000.

7 The functions of the Board of Directors are set out in the corporate governance section of the Annual Report on page 56.

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

In 2020, no compensation was paid to former members of the Board of Directors who stepped down prior to 1 January 2020.

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

In 2020, 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 2020, 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 2020 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 2020 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]	
	2020	2019	2020	2019
Peter Sanderson [4,5]	42,133	-	159,745	239,617
Richard McNamara [4]	82,668	62,165	18,491	58,169
Elmar Zumbuehl	24,129	10,504	38,352	52,848
Steve Rafferty [6]	-	-	108,716	-
Martin Jufer [6]	35,709	10,987	41,379	67,687
Rachel Wheeler [6]	9,489	-	54,017	72,022
Tim Rainsford [6]	-	71,355	-	240,780
Matthew Beesley [6]	-	1,495	-	121,618

[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 2020 of CHF 2.16, Peter Sanderson is currently at 6% of target and Richard McNamara is currently at 15% of target.

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

[6] Matthew Beesley stepped down as a member of the Group Management Board on 28 February 2020. Rachel Wheeler, Martin Jufer and Tim Rainsford stepped down as members of the Group Management Board on 31 March 2020. Steve Rafferty joined the Group Management Board on 1 April 2020.

7.2 Board of Directors

The shareholdings of the directors who held office during 2020, 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]	
	2020	2019	**2020**	2019
David Jacob	30,735	10,355	76,354	38,652
Benjamin Meuli	54,767	32,973	59,113	23,584
Nancy Mistretta	34,749	17,093	49,261	23,584
Katia Coudray [4]	21,794	-	49,261	23,584
Jacqui Irvine [4]	11,782	-	49,261	23,584
Monika Machon [4]	11,960	-	49,261	23,584
Thomas Schneider [4]	-	-	49,261	-
Hugh Scott-Barrett [3]	53,705	36,330	-	32,954

[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 305,418 unvested shares that were awarded after AGM 2020 and which will vest on the day before the Company's 2021 AGM. The Chairman of the Board of Directors has an entitlement to 76,354 unvested shares that were granted on an equivalent basis.

[3] Hugh Scott-Barrett resigned as a member of the Board of Directors at the 2020 AGM.

[4] Katia Coudray, Jacqui Irvine and Monika Machon were elected as members of the Board of Directors at the 2019 AGM. Thomas Schneider was elected as a member of the Board of Directors at the 2020 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 Chair 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 2020 Annual General Meeting, the shareholders re-elected Nancy Mistretta and Katia Coudray and elected Jacqui Irvine as non-executive members of the Compensation Committee, with Nancy Mistretta being appointed as Chair.

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 2020:

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

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 2021	Compensation Committee	Board of Directors	Annual General Meeting	Prospective
The aggregate amount of annual variable compensation for members of the Group Management Board for 2020	Compensation Committee	Board of Directors	Annual General Meeting	Retrospective

	Proposal	Approval	Consultative vote
2020 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 2021 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 2021 Annual General Meeting resolutions can be found in section 9 of this report.

In respect of 2020 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 2020 Annual General Meeting.

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

	Approved	Paid	Approved	Paid
CHF (including any shares)	**2020**	**2020**	2019	2019
Board of Directors [1]	2,350,000	1,785,938	2,350,000	2,095,451
Group Management Board [2]	4,500,000	3,114,541	6,000,000	5,053,432

[1] The approved and paid compensation for the Board of Directors is for the period AGM to AGM. The figure for 2020 includes an estimate for the period 1 January to 30 April 2021.

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

9. AGM RESOLUTIONS

This section of the report outlines the compensation resolutions to be put to shareholders at the 2021 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 2022 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 1,975,000 for the period AGM 2021 to AGM 2022. The fee framework for the Board of Directors is set out in section 5 of this compensation report.

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 3,250,000 for the 2021 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 not be sought for variable compensation for the Group Management Board as there will be no variable compensation in respect of the 2020 financial year.

5) **Approval of the compensation report (consultative vote)**
The shareholders' meeting shall be asked to approve the 2020 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 compensation report of GAM Holding AG for the year ended 31 December 2020. 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 95 to 96 as well as sections 6.1 to 6.4 on pages 100 to 101 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 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 2020 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, 17 February 2021

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

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT

	Note	2020 CHF m	2019 CHF m	Change in %
Net management fees and commissions	1	230.4	317.1	(27)
Net performance fees	1	2.9	18.5	(84)
Net fee and commission income	1	**233.3**	**335.6**	**(30)**
Net other income	2	24.0	8.2	193
Income		**257.3**	**343.8**	**(25)**
Personnel expenses	3	147.3	198.2	(26)
General expenses	4	77.4	107.8	(28)
Depreciation and amortisation		28.9	28.8	0
Impairment losses	13	401.2	7.8	n/m
Expenses		**654.8**	**342.6**	**91**
(Loss)/profit before taxes		**(397.5)**	**1.2**	**n/m**
Income tax (credit)/expense	5.1	(9.1)	4.7	n/m
Net loss attributable to the shareholders of the Company		**(388.4)**	**(3.5)**	**n/m**
Loss per share				
Basic loss per share (CHF)	7	(2.48)	(0.02)	n/m
Diluted loss per share (CHF)	7	(2.48)	(0.02)	n/m

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2020 CHF m	2019 CHF m	Change in %
Net loss attributable to the shareholders of the Company		**(388.4)**	**(3.5)**	**n/m**
Remeasurements of pension liabilities	16	(5.4)	(20.9)	n/m
Income tax credits relating to remeasurements of pension liabilities	12.1	2.4	3.4	(29)
Items that will not be reclassified subsequently to the income statement, net of taxes		**(3.0)**	**(17.5)**	**n/m**
Translation differences		(17.2)	2.2	n/m
Items that may be reclassified subsequently to the income statement, net of taxes		**(17.2)**	**2.2**	**n/m**
Other comprehensive loss, net of taxes		**(20.2)**	**(15.3)**	**n/m**
Total comprehensive loss attributable to the shareholders of the Company		**(408.6)**	**(18.8)**	**n/m**

CONSOLIDATED BALANCE SHEET

	Note	31.12.2020 CHF m	31.12.2019 CHF m	Change in %
Cash and cash equivalents	8	270.9	315.8	(14)
Trade and other receivables		20.9	23.8	(12)
Accrued income and prepaid expenses	9	75.4	102.6	(27)
Financial investments	10.1	8.4	20.3	(59)
Employee benefit asset		0.4	0.3	33
Assets held for sale	11	17.4	28.2	(38)
Current assets		**393.4**	**491.0**	**(20)**
Financial investments and other financial assets	10.1	2.7	4.9	(45)
Employee benefit asset		2.8	3.3	(15)
Deferred tax assets	12.1	44.6	36.0	24
Property and equipment	13	81.1	86.8	(7)
Intangible assets	13	295.6	713.1	(59)
Non-current assets		**426.8**	**844.1**	**(49)**
Assets		**820.2**	**1,335.1**	**(39)**
Trade and other payables		14.2	16.2	(12)
Other financial liabilities	10.2	15.6	26.9	(42)
Accrued expenses and deferred income	14	153.1	200.0	(23)
Current tax liabilities		1.6	1.7	(6)
Provisions	15	4.6	11.4	(60)
Liabilities held for sale	11	0.3	2.4	(88)
Current liabilities		**189.4**	**258.6**	**(27)**
Financial liabilities	10.2	73.4	107.3	(32)
Provisions	15	5.4	4.0	35
Pension liabilities	16	77.8	87.2	(11)
Deferred tax liabilities	12.2	0.3	3.0	(90)
Non-current liabilities		**156.9**	**201.5**	**(22)**
Liabilities		**346.3**	**460.1**	**(25)**
Share capital	17	8.0	8.0	0
Capital reserves	17	893.4	893.4	0
Retained earnings		(272.5)	139.5	n/m
Foreign currency translation reserve		(119.8)	(102.4)	17
Treasury shares	17	(35.2)	(63.5)	(45)
Equity attributable to the shareholders of the Company		**473.9**	**875.0**	**(46)**
Liabilities and equity		**820.2**	**1,335.1**	**(39)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital CHF m	Capital reserves CHF m	Retained earnings CHF m	Foreign currency translation reserve CHF m	Treasury shares CHF m	**Equity attributable to the shareholders of the Company CHF m**
Balance at 1 January 2019		**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**
Net loss attributable to the shareholders of the Company		-	-	(388.4)	-	-	**(388.4)**
Other comprehensive loss, net of taxes [1]		-	-	(2.8)	(17.4)	-	**(20.2)**
Total comprehensive loss		**-**	**-**	**(391.2)**	**(17.4)**	**-**	**(408.6)**
Share-based payment expenses, net of taxes	5.3/22	-	-	11.0	-	-	**11.0**
Acquisitions of own shares and derivatives on own shares	17	-	-	-	-	(3.5)	**(3.5)**
Disposals of own shares and derivatives on own shares	17	-	-	(31.8)	-	31.8	**-**
Total transactions with shareholders of the Company		**-**	**-**	**(20.8)**	**-**	**28.3**	**7.5**
Balance at 31 December 2020		**8.0**	**893.4**	**(272.5)**	**(119.8)**	**(35.2)**	**473.9**

[1] Details of the line item ‘other comprehensive loss, net of taxes’ are shown in the consolidated statement of comprehensive income.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2020 CHF m	2019 CHF m
Net loss attributable to the shareholders of the Company		**(388.4)**	**(3.5)**
Adjustments to reconcile net loss to cash flow from operating activities			
Non-cash items included in net loss:			
– Impairment losses	13	401.2	7.8
– Depreciation and amortisation		28.9	28.8
– Share-based payment expenses	22	11.1	12.3
– Other non-cash items		(1.0)	0.6
Net changes in:			
– Financial investments and other financial assets		21.0	27.4
– Trade and other receivables (excluding tax receivables)		(0.4)	19.3
– Accrued income and prepaid expenses (excluding accrued interest)		24.0	(9.1)
– Trade and other payables		(1.6)	(18.0)
– Accrued expenses and deferred income (excluding accrued interest)		(42.1)	(19.4)
– Other liabilities		(48.7)	(44.9)
Net interest expenses		10.2	20.0
Interest received		0.1	0.6
Interest paid		(2.6)	(1.3)
Income tax (credit)/expense	5	(9.1)	4.7
Income taxes paid		(1.3)	(4.2)
Cash flow from operating activities		**1.3**	**21.1**
Payments of acquisition-related deferred consideration		(9.7)	(14.7)
Disposal of subsidiaries (net of cash)		-	0.1
Purchase of property, equipment and intangible assets		(19.2)	(8.9)
Disposal of property and equipment		0.1	0.1
Cash flow from investing activities		**(28.8)**	**(23.4)**
Purchase of treasury shares	17	(3.5)	-
Payment of lease liabilities		(7.1)	(8.1)
Deferred payment for the acquisition of non-controlling interests		-	(0.8)
Cash flow from financing activities		**(10.6)**	**(8.9)**
Effects of exchange rate changes on cash and cash equivalents		(6.8)	(1.2)
Net decrease in cash and cash equivalents		**(44.9)**	**(12.4)**
Cash and cash equivalents at the beginning of the year		315.8	328.2
Cash and cash equivalents at the end of the year	8	**270.9**	**315.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. Net fee and commission income

	2020 CHF m	2019 CHF m	Change in %
Investment management, advisory and other fees	683.6	826.3	(17)
Distribution, fee and commission expenses	(453.2)	(509.2)	(11)
Net management fees and commissions	**230.4**	**317.1**	**(27)**
of which investment management	196.5	284.9	(31)
of which private labelling	33.9	32.2	5
Performance fees	3.6	24.5	(85)
Performance fees paid to external investment managers	(0.7)	(6.0)	(88)
Net performance fees	**2.9**	**18.5**	**(84)**
Net fee and commission income	**233.3**	**335.6**	**(30)**

2. Net other income

	Note	2020 CHF m	2019 CHF m	Change in %
Adjustments to deferred consideration liabilities	6	2.9	4.6	(37)
Gain on sale of funds	6	1.5	14.0	(89)
Net foreign exchange gains/(losses)		0.6	(1.2)	-
Interest income		0.2	0.5	(60)
Interest expenses		(10.4)	(20.5)	-
Net losses on financial instruments at fair value through profit or loss		(2.4)	(0.9)	-
Adjustment to financial liability for performance fees attributable to external interests	6	28.9	4.2	588
Income from insurance recovery relating to ARBF matters	6	2.4	6.5	(63)
Other		0.3	1.0	(70)
Net other income		**24.0**	**8.2**	**193**

The line item ‘interest expenses’ includes negative interest on cash and cash equivalents of CHF 1.2 million (2019: CHF 1.0 million), finance charges on discounted liabilities of CHF 7.8 million (2019: CHF 17.9 million), thereof CHF 7.0 million (2019: CHF 15.5 million) on the discounted financial liability for performance fees attributable to external interests and CHF 0.8 million (2019: CHF 2.4 million) on discounted liabilities relating to the deferred consideration elements of acquisitions previously made (see note 6 for further information), and CHF 1.3 million for the unwinding of the discount effect on lease liabilities (2019: CHF 1.5 million).

Gain on sale of funds
In 2020, the Swiss mortgage loan fund with assets under management of CHF 0.5 billion was sold to VZ Depotbank and a gain equivalent to the total consideration of CHF 1.5 million was recognised.

In 2019, the Group sold its precious metal funds with assets under management of CHF 1.9 billion to Zürcher Kantonalbank (ZKB) and a gain equivalent to the total consideration of CHF 14.0 million was recognised.

3. Personnel expenses

	Note	2020 CHF m	2019 CHF m	Change in %
Salaries and bonuses		108.9	144.0	(24)
Social security expenses		11.4	15.6	(27)
Defined benefit pension plan expenses	16.2	4.1	10.7	(62)
Defined contribution pension plan expenses	16.1	6.0	7.3	(18)
Share-based payment expenses	22	11.1	12.3	(10)
Other personnel expenses		5.8	8.3	(30)
Personnel expenses		**147.3**	**198.2**	**(26)**

In respect of the Group's restructuring, CHF 1.7 million were included in salaries and bonuses (2019: none) and CHF 0.7 million were credited in social security expenses (2019: none). In addition, in respect of the restructuring, CHF 0.2 million employee benefit plan expenses for fund units granted were debited to accrued expenses in 2020 (2019: none). These items result in a total restructuring expense for personnel expenses of CHF 0.8 million (2019: none). For further information regarding restructuring see notes 6 and 15.

In early March 2021, as in the prior year, the Group will grant certain employees deferred fund units under the deferred variable compensation award scheme which represents the deferred element of the variable compensation in respect of the 2020 performance year. These deferred fund units will vest linearly over three years on the anniversaries of the grant date subject to recipients continuing to be employed with the Group on the vesting date. The investment in these deferred 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

	2020 CHF m	2019 CHF m	Change in %
Occupancy	5.6	7.4	(24)
Technology and communication	15.9	19.1	(17)
Data and research	20.6	20.7	0
Professional and consulting services	9.8	23.5	(58)
Marketing and travel	7.0	13.9	(50)
Administration	5.5	7.0	(21)
Other general expenses	13.0	16.2	(20)
General expenses	**77.4**	**107.8**	**(28)**

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 0.5 million (2019: CHF 1.5 million) of costs incurred in relation to ARBF matters (see note 6) and a CHF 0.2 million (2019: none) credit in respect of the restructuring (see note 15).

'Other general expenses' include irrecoverable taxes of CHF 5.1 million (2019: CHF 5.6 million) as well as CHF 5.6 million (2019: CHF 4.1 million) for regulatory fees, insurance premiums and fund-related expenses.

5. Income tax (credit)/expense

5.1. Tax effects recognised in the income statement

	2020 CHF m	2019 CHF m
Income tax (credit)/expense at the Swiss statutory tax rate of 21.15% (2019: 21.15%)	(84.1)	0.3
Impairment loss on goodwill	79.0	-
Tax rates differing from Swiss statutory rate	10.5	2.7
Non-taxable income	(12.9)	(3.0)
Previously unrecorded tax losses now utilised	(0.1)	(0.5)
Current year losses for which no deferred tax asset is recognised	4.2	1.6
Prior year adjustments	(7.2)	(1.1)
Non-deductible expenses	3.5	3.9
Impact on deferred taxes from tax rate changes	(0.7)	1.1
Other effects	(1.3)	(0.3)
Income tax (credit)/expense	**(9.1)**	**4.7**

In relation to the impairment loss on goodwill (see note 13 for further information), GAM Holding AG recognised an impairment on investments in subsidiaries in its individual statutory financial statements, resulting in significant losses in those statutory financial statements (see the parent company's financial statements). No deferred tax asset has been recognised relating to impairment 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 1,273.2 million (2019: CHF 1,257.9 million), of which CHF 0.7 million will expire within one year (2019: CHF 1.1 million), CHF 2.2 million between two to five years (2019: CHF 2.5 million), CHF 1,258.0 million between six to 10 years (2019: CHF 1,245.4 million) and CHF 11.0 million after 10 years (2019: CHF 7.7 million), while the remainder amounting to CHF 1.3 million (2019: CHF 1.2 million) has no expiry date.

	2020 CHF m	2019 CHF m
Current income tax expense	0.5	4.1
Deferred income tax (credit)/expense	(9.6)	0.6
Income tax (credit)/expense	**(9.1)**	**4.7**

The deferred income tax credit of CHF 9.6 million (2019: CHF 0.6 million expense) includes a CHF 6.8 million adjustment following the final tax assessment from local authorities and a CHF 2.3 million credit relating to the impairment of investment management and client contracts.

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 2020, tax effects on share-based payments resulted in a debit to equity of CHF 0.1 million (2019: CHF 0.3 million credit). With share-based payment expenses of CHF 11.1 million (2019: CHF 12.3 million) and these tax effects, CHF 11.0 million (2019: CHF 12.6 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

			2020			2019
	IFRS CHF m	Reconciling items CHF m	Underlying CHF m	IFRS CHF m	Reconciling items CHF m	Underlying CHF m
Net management fees and commissions	230.4	-	230.4	317.1	-	317.1
Net performance fees	2.9	(0.1)	2.8	18.5	(5.7)	12.8
Net fee and commission income	**233.3**	**(0.1)**	**233.2**	**335.6**	**(5.7)**	**329.9**
Net other income	24.0	(28.0)	(4.0)	8.2	(11.9)	(3.7)
Income	**257.3**	**(28.1)**	**229.2**	**343.8**	**(17.6)**	**326.2**
Personnel expenses	147.3	3.2	150.5	198.2	(1.2)	197.0
General expenses	77.4	(2.4)	75.0	107.8	(8.2)	99.6
Depreciation and amortisation	28.9	(10.3)	18.6	28.8	(9.7)	19.1
Impairment losses	401.2	(401.2)	-	7.8	(7.8)	-
Expenses	**654.8**	**(410.7)**	**244.1**	**342.6**	**(26.9)**	**315.7**
(Loss)/profit before taxes	**(397.5)**	**382.6**	**(14.9)**	**1.2**	**9.3**	**10.5**
Income tax (credit)/expense	(9.1)	9.1	-	4.7	0.9	5.6
Net (loss)/profit	**(388.4)**	**373.5**	**(14.9)**	**(3.5)**	**8.4**	**4.9**
Loss per share						
Basic loss per share (CHF)	(2.48)		(0.10)	(0.02)		0.03
Diluted loss per share (CHF)	(2.48)		(0.10)	(0.02)		0.03

Reconciling items

	Note	2020 Acquisition-related items CHF m	2020 Non-recurring items CHF m	2020 Total reconciling items CHF m	2019 Acquisition-related items CHF m	2019 Non-recurring items CHF m	2019 Total reconciling items CHF m
Performance fees attributed to external interests		(0.1)	-	(0.1)	(5.7)	-	(5.7)
Net fee and commission income		**(0.1)**	**-**	**(0.1)**	**(5.7)**	**-**	**(5.7)**
Adjustments to deferred consideration liabilities	2	(2.9)	-	(2.9)	(4.6)	-	(4.6)
Foreign exchange losses on deferred consideration liabilities		-	-	-	(0.4)	-	(0.4)
Adjustment to financial liability for performance fees attributable to external interests	2	(28.9)	-	(28.9)	(4.2)	-	(4.2)
Finance charges on discounted liabilities	2	7.8	-	7.8	17.9	-	17.9
Gain on sale of funds	2	-	(1.5)	(1.5)	-	(14.0)	(14.0)
Income from insurance recovery relating to ARBF matters	2	-	(2.4)	(2.4)	-	(6.5)	(6.5)
Other income		-	(0.1)	(0.1)	-	(0.1)	(0.1)
Net other income		**(24.0)**	**(4.0)**	**(28.0)**	**8.7**	**(20.6)**	**(11.9)**
Adjustments to deferred consideration liabilities		-	-	-	0.2	-	0.2
Reorganisation charge	15	-	(1.0)	(1.0)	-	(0.1)	(0.1)
Pension plan curtailment and amendments	16	-	4.2	4.2	-	(1.3)	(1.3)
Other expenses		-	-	-	-	-	-
Personnel expenses		**-**	**3.2**	**3.2**	**0.2**	**(1.4)**	**(1.2)**
Reorganisation charge		-	(1.0)	(1.0)	-	0.2	0.2
Capital tax expenses		-	(0.4)	(0.4)	-	-	-
Costs relating to ARBF matters		-	-	-	-	(1.5)	(1.5)
Other expenses		-	(1.0)	(1.0)	-	(6.9)	(6.9)
General expenses		**-**	**(2.4)**	**(2.4)**	**-**	**(8.2)**	**(8.2)**
Amortisation of investment management and client contracts		(4.3)	-	(4.3)	(9.7)	-	(9.7)
Accelerated amortisation of software		-	(5.8)	(5.8)	-	-	-
Other		-	(0.2)	(0.2)	-	-	-
Depreciation and amortisation	13	**(4.3)**	**(6.0)**	**(10.3)**	**(9.7)**	**-**	**(9.7)**
Impairment of goodwill	13	-	(373.7)	(373.7)	-	-	-
Impairment of investment management and client contracts	13	-	(27.4)	(27.4)	-	(7.8)	(7.8)
Other	13	-	(0.1)	(0.1)	-	-	-
Impairment losses		**-**	**(401.2)**	**(401.2)**	**-**	**(7.8)**	**(7.8)**
Total reconciling items before taxes		**(19.8)**	**402.4**	**382.6**	**12.5**	**(3.2)**	**9.3**
Write-up/(write-down) of deferred tax asset	5/12	-	6.8	6.8	-	(0.7)	(0.7)
Income tax credit		0.6	1.7	2.3	1.3	0.3	1.6
Total reconciling items after taxes		**(20.4)**	**393.9**	**373.5**	**11.2**	**(2.8)**	**8.4**

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, in our view, are neither indicative of the underlying performance of the Group's business nor of its future potential. 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

Performance fees attributed to external interests

The Group has a contractual obligation, through the agreement to acquire GAM Systematic LLP (formerly Cantab Capital Partners LLP), to pay 40% of performance fees received by GAM Systematic LLP 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 GAM Systematic LLP amount to CHF 0.1 million (2019: 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 28.9 million (2019: CHF 4.2 million).

Adjustments to deferred consideration liabilities and related foreign exchange impacts

The Group acquired GAM Lugano, the Renshaw Bay real estate debt business as well as the investment management businesses of Taube Hodson Stonex (THS) and GAM Systematic LLP, all with a deferred consideration element. In 2020, the consideration payable, compared with that recognised at acquisition or in subsequent periods, was reduced by CHF 2.9 million and recognised as income in the line item 'net other income'.

In 2019, the consideration payable was reduced by CHF 4.8 million, including the previously acquired Singleterry Mansley business. 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 gains/(losses)' included within 'net other income'.

Finance charges on discounted liabilities

The CHF 7.8 million (2019: CHF 17.9 million) include finance charges of CHF 7.0 million (2019: CHF 15.5 million) on the discounted financial liability for performance fees attributable to external interests and CHF 0.8 million (2019: CHF 2.4 million) on discounted liabilities relating to the deferred consideration elements of the acquisitions of the investment management businesses of GAM Systematic and THS.

Amortisation of investment management and client contracts

The CHF 4.3 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 GAM Systematic LLP (2019: CHF 9.7 million).

Non-recurring items

Gain on sale of funds

In 2020, the Swiss mortgage loan fund with assets under management of CHF 0.5 billion was sold to VZ Depotbank and a gain equivalent to the total consideration of CHF 1.5 million was recognised.

In 2019, 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 2.4 million was recognised in 2020 (2019: CHF 6.5 million).

Reorganisation charge
The charge of CHF 1.0 million in respect of the Group's implementation of its strategic initiatives includes restructuring adjustments recognised in the line item 'personnel expenses' (for further information see note 3) and a CHF 0.2 million credit adjustment in the line item 'general expenses'. Further charges in 'general expenses' include CHF 0.3 million in connection with costs relating to the Group's office space consolidation, CHF 0.7 million regarding the implementation of the new SimCorp platform, and CHF 0.2 million for charges relating to the restructuring of Group legal entities.

In 2019, 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 curtailment
Due to the planned reduction in the number of employees in Switzerland in connection with the efficiency programme announced in 2020, a curtailment was made to the Swiss defined benefit pension plan resulting in a decrease of the pension liability and a corresponding non-cash gain of CHF 4.2 million.

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.

Capital tax expenses
The capital tax expenses of CHF 0.4 million relate to the finalisation of tax assessments for prior years.

Costs relating to ARBF matters
In 2019, 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.

Accelerated amortisation of software
The CHF 5.8 million accelerated amortisation of software relates to the implementation of the new SimCorp platform. For software being replaced by the new platform, accelerated amortisation has been applied due to a shorter useful life.

Impairment of goodwill
For further information on the CHF 373.7 million impairment loss on goodwill see note 13.

Impairment loss on investment management and client contracts
The CHF 27.4 million impairment losses before taxes (CHF 25.1 million net of taxes) on investment management and client contracts relate to the acquisition of the investment management businesses of GAM Systematic and Renshaw Bay (2019: CHF 7.8 million). For further information see note 13.

Write-up/(write-down) of deferred tax assets
The write-up of deferred tax assets of CHF 6.8 million relates to the finalisation of tax assessments for prior years (for further information see note 5).

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

7. Earnings per share and shares outstanding

7.1. Earnings per share

	2020	2019
Basic loss per share		
Net loss attributable to the shareholders of the Company (CHF m)	(388.4)	(3.5)
Weighted average number of shares outstanding (millions)	156.6	155.5
Basic loss per share (CHF)	**(2.48)**	**(0.02)**
Diluted loss per share		
Net loss attributable to the shareholders of the Company for diluted EPS (CHF m)	(388.4)	(3.5)
Weighted average number of shares outstanding (millions)	156.6	155.5
Dilution effect (millions)	-	-
Weighted average number of shares outstanding for diluted EPS (millions)	156.6	155.5
Diluted loss per share (CHF)	**(2.48)**	**(0.02)**

At 31 December 2020, 4.7 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 2020. (31 December 2019: 1.5 million potential shares were excluded).

7.2. Shares outstanding

	Note	2020	2019
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	(3,688,131)	(4,081,341)
Shares outstanding at the end of the year		**155,994,400**	**155,601,190**

NOTES TO THE CONSOLIDATED BALANCE SHEET

8. Cash and cash equivalents

	31.12.2020 CHF m	31.12.2019 CHF m	Change in %
Cash at bank	243.5	286.8	(15)
Short-term deposits	27.4	29.0	(6)
Cash and cash equivalents	**270.9**	**315.8**	**(14)**

Cash and cash equivalents of CHF 0.9 million (2019: CHF 0.9 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

	31.12.2020 CHF m	31.12.2019 CHF m	Change in %
Accrued fee and commission income	65.6	86.8	(24)
Prepaid expenses	9.8	9.2	7
Accrued other income	-	6.6	(100)
Accrued income and prepaid expenses	**75.4**	**102.6**	**(27)**

10. Financial instruments

10.1. Financial investments and other financial assets

	Note	31.12.2020 CHF m	31.12.2019 CHF m	Change in %
Seed capital and product management investments at fair value through profit or loss		5.1	18.2	(72)
Derivative financial instruments	10.3	1.4	0.4	250
Other financial assets		4.6	6.6	(30)
Financial investments and other financial assets		**11.1**	**25.2**	**(56)**
Current		8.4	20.3	(59)
Non-current		2.7	4.9	(45)
Financial investments and other financial assets		**11.1**	**25.2**	**(56)**

10.2. Other and non-current financial liabilities

	Note	31.12.2020 CHF m	31.12.2019 CHF m	Change in %
Derivative financial instruments	10.3	0.7	1.1	(36)
Financial liabilities at fair value through profit or loss		7.4	21.3	(65)
Lease liabilities		70.2	70.5	0
Financial liabilities measured at amortised cost		10.7	41.3	(74)
Other and non-current financial liabilities		**89.0**	**134.2**	**(34)**
Current		15.6	26.9	(42)
Non-current		73.4	107.3	(32)
Other and non-current financial liabilities		**89.0**	**134.2**	**(34)**

10.3. Derivative financial instruments

	Contract/ notional amount CHF m	Positive replacement value CHF m	31.12.2020 Negative replacement value CHF m
Foreign exchange derivative financial instruments	75.5	1.4	0.1
Other derivative financial instruments (index futures/swaps)	4.8	-	0.6
Derivative financial instruments held for trading	**80.3**	**1.4**	**0.7**

	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**

In 2020 and 2019, there were no derivative financial instruments designated as hedging instruments.

10.4. Financial instruments by category

	Note	31.12.2020 Carrying amount CHF m	31.12.2019 Carrying amount CHF m
Cash and cash equivalents	8	270.9	315.8
Trade and other receivables (excluding tax receivables)		15.8	16.8
Accrued income		65.6	93.4
Other financial assets		0.9	2.5
Financial assets measured at amortised cost		**353.2**	**428.5**
Financial assets mandatorily at fair value through profit or loss		26.2	50.5
Derivative financial instruments held for trading	10.3	1.4	0.4
Financial assets measured at fair value		**27.6**	**50.9**
Financial assets		**380.8**	**479.4**
Trade and other payables		14.2	16.2
Accrued expenses		153.1	200.0
Lease liabilities		70.2	70.5
Other financial liabilities		10.7	41.3
Financial liabilities measured at amortised cost		**248.2**	**328.0**
Derivative financial instruments held for trading	10.3	0.7	1.1
Financial liabilities at fair value through profit or loss		7.7	23.7
Financial liabilities measured at fair value		**8.4**	**24.8**
Financial liabilities		**256.6**	**352.8**

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 GAM Systematic attributable to external interests which represents the contractual obligation to pay future performance fees and is estimated to amount to CHF 10.4 million as at 31 December 2020 (31 December 2019: CHF 35.3 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 17.4 million (31 December 2019: CHF 28.2 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	31.12.2020 **Total** CHF m
Derivative financial instruments	-	1.4	-	**1.4**
Seed capital and product management investments at fair value through profit or loss	17.3	5.2	-	**22.5**
Other financial assets at fair value through profit or loss	-	3.7	-	**3.7**
Financial assets measured at fair value	**17.3**	**10.3**	**-**	**27.6**
Derivative financial instruments	-	0.7	-	**0.7**
Financial liabilities at fair value through profit or loss	0.3	2.4	5.0	**7.7**
Financial liabilities measured at fair value	**0.3**	**3.1**	**5.0**	**8.4**

	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**

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 2020, no financial assets were transferred between levels. 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.

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 2019	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**
Disposals/settlements	(1.7)	(10.8)
Total gains/losses in profit or loss	(0.4)	(1.3)
Translation differences	-	(1.2)
Balance at 31 December 2020	**-**	**5.0**

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 2020, net gains of CHF 0.9 million (2019: net gains of CHF 3.5 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 financial assets would cause a significant change in the fair value of these level 3 financial assets.

Sensitivity of fair value measurements of financial liabilities

No reasonably possible change in the inputs used in determining the fair value of financial liabilities would cause a significant change in the fair value of these level 3 financial liabilities.

Level 3 financial liabilities, representing the deferred consideration liabilities from acquisitions made by the Group, mainly include the deferred consideration liability from the acquisition of GAM Systematic, which is estimated to amount to CHF 4.6 million as at 31 December 2020 (31 December 2019: CHF 16.8 million).

The recognised deferred consideration regarding the acquisition of GAM Systematic is based on net management fee revenue from the strategies managed by the GAM Systematic investment team for 2020, payable after the period end.

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.

	31.12.2020 CHF m	31.12.2019 CHF m
Assets held for sale	17.4	28.2
Liabilities held for sale	0.3	2.4

12. Deferred tax assets and liabilities

12.1. Deferred tax assets

	2020 CHF m	2019 CHF m
Balance at the beginning of the year	36.0	37.1
Recognised in profit or loss	7.1	(4.0)
Recognised directly in equity	0.2	0.1
Recognised in other comprehensive income	2.3	2.5
Translation differences	(1.0)	0.3
Balance at the end of the year	**44.6**	**36.0**
Components of deferred tax assets		
Tax loss carry-forwards	25.4	17.6
Pension liabilities	14.6	14.7
Share-based payments	3.5	2.8
Property and equipment	0.2	0.2
Other	0.9	0.7
Deferred tax assets at the end of the year	**44.6**	**36.0**

Tax loss carry-forwards mainly relate to the simplification of the Group's operating legal entity structure in Switzerland CHF 14.2 million (2019: CHF 16.2 million), final tax assessment in Luxembourg CHF 2.9 million (2019: none) and the UK CHF 8.3 million (2019: CHF 1.4 million) and are assumed to be fully recoverable over the utilisation period.

Tax effects recognised in profit or loss

In 2020, tax effects recognised in profit or loss include an adjustment following the final tax assessment from local authorities of CHF 6.8 million (2019: none) and a CHF 2.3 million impact relating to the impairment of investment management and client contracts (see note 5).

Tax effects recognised in other comprehensive income

In 2020, an income tax credit relating to remeasurements of pension liabilities resulted in a credit to other comprehensive income of CHF 2.4 million (2019: CHF 3.4 million) as shown in the respective line item in the consolidated statement of comprehensive income. These tax effects on pension liabilities include CHF 2.3 million (2019: CHF 2.5 million) debited to deferred tax assets and CHF 0.1 million (2019: CHF 0.9 million) debited to current tax liabilities.

12.2. Deferred tax liabilities

	2020 CHF m	2019 CHF m
Balance at the beginning of the year	3.0	6.3
Recognised in profit or loss	(2.5)	(3.4)
Translation differences	(0.2)	0.1
Balance at the end of the year	**0.3**	**3.0**
Components of deferred tax liabilities		
Intangible assets	0.2	2.9
Property and equipment	0.1	0.1
Deferred tax liabilities at the end of the year	**0.3**	**3.0**

13. Property and equipment, goodwill and other intangible assets

	Property and equipment CHF m	Goodwill CHF m	Investment management and client contracts CHF m	Brand CHF m	Software CHF m	Goodwill and other intangible assets CHF m
Historical cost						
Balance at 1 January 2019	**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**
Additions	**11.4**	-	-	-	16.6	**16.6**
Remeasurement of reinstatement provisions	**2.0**	-	-	-	-	**-**
Reclassification/transfer	**(0.5)**	-	-	-	0.5	**0.5**
Disposals	**(2.0)**	-	-	-	-	**-**
Translation differences	**(6.7)**	(10.3)	(21.1)	-	(2.0)	**(33.4)**
Balance at 31 December 2020	**154.5**	**2,014.9**	**1,334.9**	**273.0**	**50.5**	**3,673.3**
Accumulated depreciation, amortisation and impairment losses						
Balance at 1 January 2019	**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	**-**	-	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**
Additions	**14.7**	-	4.3	-	9.9	**14.2**
Disposals	**(2.0)**	-	-	-	-	**-**
Impairment losses	**-**	373.7	27.5	-	-	**401.2**
Translation differences	**(2.8)**	4.8	(18.2)	-	(0.8)	**(14.2)**
Balance at 31 December 2020	**73.4**	**2,014.9**	**1,334.0**	**-**	**28.8**	**3,377.7**
Carrying amounts						
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**
Historical cost	**154.5**	2,014.9	1,334.9	273.0	50.5	**3,673.3**
Accumulated depreciation, amortisation and impairment losses	**73.4**	2,014.9	1,334.0	-	28.8	**3,377.7**
Balance at 31 December 2020	**81.1**	**-**	**0.9**	**273.0**	**21.7**	**295.6**

Disposals include derecognition of fully depreciated and amortised assets.

Leases

As at 31 December 2020, the balance sheet item ‘property and equipment’ includes right-of-use assets under leases with a carrying amount of CHF 64.6 million (2019: CHF 66.7 million), mainly for real estate leases.

	2020 CHF m	2019 CHF m	Change in %
Right of use assets at the beginning of the period	**66.7**	**76.5**	**(13)**
Lease additions	11.7	1.6	631
Depreciation expense	(10.0)	(10.9)	-
Modifications	(1.0)	-	-
Translation differences	(2.8)	(0.5)	-
Right of use assets at the end of the period	**64.6**	**66.7**	**(3)**
Additional lease information			
Short-term lease expenses	(0.4)	(2.0)	-
Low-value lease expenses	(0.3)	(0.3)	-
Income from sublease	0.5	0.9	(44)

The Group recognised a sublease receivable 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’.

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 held goodwill on the acquisition of various investment management activities. The brand relates to the acquisition of GAM by Julius Baer in 2005. 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 (ie 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 14.4% (H1 2020: 14.7%, 2019: 13.5%) 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 brand, the Group applies a 1.5% (2019: 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.

As a consequence of the Covid-19 outbreak, the capital markets experienced significant price corrections in the first half of 2020 and, subsequently, the forecasted assets under management and profitability levels were lower compared to previous forecasts. Therefore, the Group has undertaken an assessment of the carrying value of its intangible assets as at 30 June 2020. The resulting recoverable amount from the impairment test performed for the cash-generating unit, which included goodwill and brand, amounted to CHF 457.3 million and was significantly lower than the carrying value as at 30 June 2020.

Based on the impairment test performed, considering the assumptions above, an impairment loss of CHF 377.7 million was recognised in H1 2020. This impairment loss was allocated to goodwill (CHF 373.7 million) and brand (CHF 4.0 million), reducing the carrying value as at 30 June 2020 of the goodwill to nil (31 December 2019: CHF 388.8 million, reduced by currency losses of CHF 15.1 million in H1 2020) and of the brand to CHF 269.0 million (31 December 2019: CHF 273.0 million) respectively.

The annual impairment test of the brand was performed in December 2020. Based on the impairment test performed, considering the assumptions above, a reversal of the impairment loss of CHF 4.0 million was recognised as at 31 December 2020. As at 31 December 2020, the carrying value of the brand is CHF 273.0 million.

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 the brand.

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 (2021-2025). The estimated free cash flows are discounted to their present value.

Investment management and client contracts

Investment management and client contracts are amortised over their estimated useful life not exceeding a period greater than 10 years using the straight-line method. Investment management and client contracts acquired prior to 2016 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.

2020
As a result of the decrease in assets under management since acquisition the amortisation period has been changed from the end of 2024 to the end of 2021. Driven by lower than anticipated assets under management of the acquired GAM Systematic 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 GAM Systematic to determine the recoverable amount. As the estimated future cash flows until 2021 were negative, the recoverable amount was nil based on the value in use as at 31 December 2020. As a result, an impairment loss of CHF 27.0 million was recognised in 2020.

In addition, an impairment loss of CHF 0.4 million on investment management and client contracts relating to Renshaw Bay was recognised.

2019
Driven by lower than anticipated assets under management of the acquired GAM Systematic 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 GAM Systematic 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.

14. Accrued expenses and deferred income

	31.12.2020 CHF m	31.12.2019 CHF m	Change in %
Accrued commission expenses	113.2	130.9	(14)
Other accrued expenses and deferred income	39.9	69.1	(42)
Accrued expenses and deferred income	**153.1**	**200.0**	**(23)**

15. Provisions

	Restructuring CHF m	Reinstatement of leasehold improvements CHF m	Other CHF m	2020 Total CHF m
Balance at the beginning of the period	10.2	4.0	1.2	**15.4**
Recognised during the period	4.9	2.9	0.3	**8.1**
Utilised during the period	(7.3)	(0.3)	-	**(7.6)**
Reversed during the period	(4.1)	(1.0)	(0.2)	**(5.3)**
Translation differences	(0.2)	(0.2)	(0.2)	**(0.6)**
Balance at the end of the year	**3.5**	**5.4**	**1.1**	**10.0**
Current	3.5	-	1.1	**4.6**
Non-current	-	5.4	-	**5.4**
Balance at the end of the year	**3.5**	**5.4**	**1.1**	**10.0**

Restructuring

The comprehensive restructuring programme launched in December 2018 to reduce internal complexity and increase efficiency was substantially completed in H1 2020. As a result, the related remaining provision of CHF 4.1 million was released, reflecting previously recognised restructuring costs not utilised.

In H1 2020, the Group launched a voluntary and involuntary redundancy programme for which costs of CHF 0.8 million were incurred in 2020. The related increase in 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):

	2020 CHF m	2019 CHF m
Salaries and bonuses	1.7	-
Social security expenses	(0.7)	-
Personnel expenses	**1.0**	**-**
General expenses	**(0.2)**	**-**
Restructuring expenses	**0.8**	**-**

Reinstatement of leasehold improvements

The Group leases a number of buildings and provides for the reinstatement costs of these based on the lease agreements. This provision is expected to remain until 2033.

Other provisions

Other provisions include a provision of CHF 1.1 million for various legal and regulatory risks. In 2019, other provisions included a provision of CHF 1.0 million for various legal and regulatory risks.

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 6.0 million during the 2020 financial year (2019: CHF 7.3 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 2019: 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 contributions 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 114% as at 31 December 2020 (31 December 2019: 110%) 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 prior to 1 October 2019, employees were generally accruing benefits in the DC section. All future pension provisions for the UK employees are provided via a Group Self Invested Pension Plan. Following the closure to future accrual, the deferred benefits in the DC section were transferred to a Master Trust type arrangement. The deferred benefits accruing in the DB Section receive consumer price index-linked inflationary increases on their accrued past service benefits and 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. The trustees are responsible for the investment strategy of the DB assets held in the trust. 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 which is formally conducted every three years. The tri-annual valuation as at 31 March 2020 has been agreed between the group and the trustees with a technical provisions deficit of GBP 70.7 million (see note 26.1).

Defined benefit pension plans

	2020 CHF m	2019 CHF m
1. Movement in pension plan obligations and plan assets		
Present value of obligations at the beginning of the year	443.6	395.6
Employee contributions	2.4	3.0
Current service cost	5.7	6.7
Past service cost recognised in the year (plan amendments)	-	1.3
Past service cost recognised in the year (gain on curtailment)	(4.2)	-
Interest expense on benefit obligation	6.2	7.8
Benefits paid	(29.4)	(38.5)
Actuarial losses	38.6	61.6
Translation differences	(15.4)	6.1
Present value of funded obligations at the end of the year	**447.5**	**443.6**
Fair value of plan assets at the beginning of the year	356.4	323.6
Interest income on plan assets	4.8	6.2
Return on plan assets excluding interest income	33.2	40.7
Employer's contributions	15.1	18.0
Employees' contributions	2.4	3.0
Benefits paid	(29.4)	(38.5)
Administration expenses	(1.2)	(1.1)
Translation differences	(11.6)	4.5
Fair value of plan assets at the end of the year	**369.7**	**356.4**

	31.12.2020 CHF m	31.12.2019 CHF m
2. Balance sheet		
Fair value of plan assets	369.7	356.4
Present value of funded obligations	447.5	443.6
Pension liabilities	**(77.8)**	**(87.2)**
Deferred tax assets	14.6	14.7
Pension liabilities, net of taxes	**(63.2)**	**(72.5)**

	Switzerland CHF m	UK CHF m	Rest of the world CHF m	31.12.2020 **Total** CHF m
Balance sheet by geographical locations and components				
Fair value of plan assets	129.5	235.0	5.2	**369.7**
Present value of funded obligations	136.1	305.3	6.1	**447.5**
Pension liabilities	**(6.6)**	**(70.3)**	**(0.9)**	**(77.8)**
Deferred tax assets	1.2	13.4	-	**14.6**
Pension liabilities, net of taxes	**(5.4)**	**(56.9)**	**(0.9)**	**(63.2)**
Active members/employees	109.0	-	1.4	**110.4**
Deferred members with vested benefits	-	247.3	4.7	**252.0**
Pensioners	27.1	58.0	-	**85.1**
Present value of funded obligations	**136.1**	**305.3**	**6.1**	**447.5**

	Switzerland CHF m	UK CHF m	Rest of the world CHF m	31.12.2019 **Total** CHF m
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**

The weighted average duration of the defined benefit pension obligation as at 31 December 2020 is 26.5 years (2019: 21.2 years).

	2020 CHF m	2019 CHF m
3. Amounts recognised in the income statement		
Employee contributions	(2.4)	(3.0)
Current service cost	(5.7)	(6.7)
Past service cost recognised in the year (plan amendments)	-	(1.3)
Past service cost recognised in the year (gain on curtailment)	4.2	-
Interest expense on benefit obligation	(6.2)	(7.8)
Interest income on plan assets	4.8	6.2
Administration expenses	(1.2)	(1.1)
Net pension cost for the period	**(6.5)**	**(13.7)**
Employees' contributions	2.4	3.0
Expense recognised in the income statement	**(4.1)**	**(10.7)**

	2020 CHF m	2019 CHF m
4. Remeasurements recognised in other comprehensive income		
Actuarial gains based on adjustment of demographic assumptions	(0.7)	2.8
Actuarial (losses)/gains based on adjustment of financial assumptions	(43.0)	(61.3)
Experience adjustments	5.1	(3.1)
Return on plan assets excluding interest income	33.2	40.7
Remeasurements recognised in other comprehensive income	**(5.4)**	**(20.9)**

	2020 CHF m	2019 CHF m
5. Movement in pension liabilities		
Pension liabilities at the beginning of the year	(87.2)	(72.0)
Expense recognised in the income statement	(4.1)	(10.7)
Remeasurements recognised in other comprehensive income	(5.4)	(20.9)
Employer's contributions	15.1	18.0
Translation differences recognised in other comprehensive income	3.8	(1.6)
Pension liabilities at the end of the year	**(77.8)**	**(87.2)**
Actual return on plan assets	38.0	46.9

	Quoted in an active market CHF m	Unquoted CHF m	Total CHF m	31.12.2020 Plan asset allocation in %
6. Asset allocation				
Cash and cash equivalents	10.2	-	**10.2**	2.8
Investment funds				
– Equity	146.1	-	**146.1**	39.5
– Bonds	53.8	8.7	**62.5**	16.9
– Real estate	22.9	4.0	**26.9**	7.3
– Other	3.2	14.3	**17.5**	4.7
Other investments	106.5	-	**106.5**	28.8
Fair value of plan assets	**342.7**	**27.0**	**369.7**	**100.0**

	Quoted in an active market CHF m	Unquoted CHF m	Total CHF m	31.12.2019 Plan asset allocation in %
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**

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 2021 financial year are estimated at CHF 17.5 million, including the new UK pension structure as described in the UK Plan section in note 16.2.

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 became deferred members following the closure.

Curtailment to existing defined benefit pension plan

Due to the planned reduction in the number of employees in Switzerland in connection with the efficiency programme announced in H1 2020, a curtailment was made to the Swiss defined benefit pension plan resulting in a decrease of the pension liability and a corresponding non-cash gain of CHF 4.2 million.

Actuarial calculation of funded obligations

The latest actuarial calculations were carried out as at 31 December 2020. The actuarial assumptions are based on local economic conditions.

	Switzerland 2020	Switzerland 2019	UK 2020	UK 2019
Discount rate	0.20%	0.30%	1.49%	2.12%
Interest credit rate	0.50%	0.30%	n/a	n/a
Future pension increases in deferment	n/a	n/a	4.00%	2.03%
Future pension increases	0.00%	0.00%	2.14%	3.15-4.20%
Life expectancy for males at age 65 for Switzerland and age 60 for UK (in years)	22.7	22.6	28.0	27.8
Life expectancy for females at age 65 for Switzerland and age 60 for UK (in years)	24.8	24.6	29.0	28.8

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:

					31.12.2020
		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%	(5.3)	5.8	(18.8)	20.2
Interest credit rate (minimal interest credit rate: 0.21%)	0.25%	1.4	(1.3)	n/a	n/a
Future pension increases in deferment	0.25%	n/a	n/a	3.5	(3.4)
Future pension increases	0.25%	3.8	n/a	2.1	(1.9)
Life expectancy	1 year	2.7	(2.8)	16.0	(15.2)

					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	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)

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 2018	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**
Balance at 31 December 2020	**159,682,531**	**7.984**
of which treasury shares	3,688,131	

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 30 April 2020, 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 30 April 2021 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. No treasury shares are currently held for the purpose of capital reduction.

	2020		2019	
	Shares	CHF m	Shares	CHF m
Balance at 1 January	4,081,341	63.5	4,627,353	72.1
Acquisition of own shares	1,820,000	3.5	-	-
Disposals of own shares	(2,213,210)	(31.8)	(546,012)	(8.6)
Balance at 31 December	**3,688,131**	**35.2**	**4,081,341**	**63.5**

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 2020, of the 3.7 million (31 December 2019: 4.1 million) treasury shares, GAM Holding AG holds 2.1 million (31 December 2019: 1.8 million) and the EBT holds 1.6 million (31 December 2019: 2.3 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 2020 amounted to 3.7 million, equating to 2.3% of shares in issue (31 December 2019: 4.1 million, equating to 2.6% of shares in issue).

Treasury shares – share buy-back programmes

The new 2020–2023 share buy-back programme for the purpose of capital reduction, which commenced on 5 May 2020, is for a maximum period of three years and allows for the purchase of a maximum of 16.0 million shares.

As at 31 December 2020, no shares have been purchased as part of its 2020–2023 share buy-back programme for the purpose of capital reduction.

The 2017–2020 share buy-back programme for the purpose of capital reduction, which commenced on 28 April 2017, was for a maximum period of three years and allowed for the purchase of a maximum of 16.0 million shares. This share buy-back programme expired on 27 April 2020. As at that date, no shares had been purchased as part of the 2017–2020 share buy-back programme.

Distribution of dividends

In 2020, no dividend was paid for the financial year 2019. In 2019, no dividend was paid for the financial year 2018. For the financial year 2020, the Board of Directors proposes to the shareholders that no dividend be paid given the underlying net loss generated in 2020.

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 (ie total book equity excluding non-controlling interests, goodwill and other intangible assets as well as the financial liability relating to 40% of future GAM Systematic performance fees which only materialises when a corresponding asset is recognised by the Group) and on 31 December 2020 amounted to CHF 188.7 million (31 December 2019: CHF 197.2 million);
- available eligible regulatory capital is continuously monitored, and if needed, actions promptly undertaken to ensure that 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 Swiss Financial Market Supervisory Authority (FINMA) released the Group from consolidated supervision from 1 December 2020. 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, the United Kingdom, Luxembourg, Italy, Spain, France, Austria, Denmark, Germany, Ireland, Japan, China (Hong Kong) and the United States of America.

Regulatory capital requirements are based on factors such as an entity's level of assets under management, its fixed expenditures and/or the size and quality of its financial assets and liabilities. All Group entities currently maintain an appropriate level of capital resources relative to their respective applicable capital requirements. The aggregation of the current regulatory minimum capital requirements across the Group as at 31 December 2020 amounted to approximately CHF 93.0 million (31 December 2019: CHF 98.9 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 2020.

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

	31.12.2020 CHF m	31.12.2019 CHF m
Cash and cash equivalents	270.9	315.8
Trade and other receivables (excluding tax receivables)	15.8	16.8
Accrued income	65.6	93.4
Financial investments and other financial assets	5.1	6.2
Total	**357.4**	**432.2**

As at the balance sheet date, there are no financial assets that are impaired (31 December 2019: 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 2020.

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

Ageing of financial assets with credit risk exposure

	31.12.2020 CHF m	31.12.2019 CHF m
Not past due	356.7	431.2
Past due less than 3 months	0.4	0.9
Past due 3–12 months	0.3	0.1
Past due more than 12 months	-	-
Total	**357.4**	**432.2**

As at 31 December 2020, the 'expected credit losses'-impairment model did not have a material impact as (i) the financial assets at amortised cost are short-term (ie 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 2020, expected credit losses were less than CHF 0.1 million (31 December 2019: 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]	
	31.12.2020	31.12.2019	2020	2019
USD/CHF	0.8840	0.9684	0.9340	0.9929
EUR/CHF	1.0816	1.0870	1.0705	1.1111
GBP/CHF	1.2083	1.2828	1.2061	1.2719

[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 271.4 million (31 December 2019: CHF 317.8 million) include cash and cash equivalents of CHF 270.9 million (31 December 2019: CHF 315.8 million) and rent deposits of CHF 0.5 million (31 December 2019: CHF 0.7 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.

After the expiration of one credit facility and cancellation of another credit facility, the Group does not maintain any revolving credit facilities with banks as at 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	243.5	27.4	-	-	-	**270.9**
Trade and other receivables (excluding tax and short-term sublease receivables)	0.7	13.3	1.8	-	-	**15.8**
Sublease receivables	-	-	-	0.4	-	**0.4**
Accrued income	-	48.8	16.8	-	-	**65.6**
Financial investments and other financial assets (excluding long-term sublease receivables)	-	1.6	-	1.7	-	**3.3**
Non-derivative financial assets at 31 December 2020	**244.2**	**91.1**	**18.6**	**2.1**	**-**	**356.0**
Derivatives – inflows	-	75.4	-	-	-	**75.4**
Derivatives – outflows	-	(74.0)	-	-	-	**(74.0)**
Derivative financial assets at 31 December 2020	**-**	**1.4**	**-**	**-**	**-**	**1.4**
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**

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	1.0	12.9	0.3	-	-	**14.2**
Lease liabilities	-	1.6	6.9	30.3	38.5	**77.3**
Other financial liabilities (excluding short-term lease liability)	0.1	6.1	1.2	-	-	**7.4**
Accrued expenses	-	150.2	2.9	-	-	**153.1**
Non-current financial liabilities (excluding long-term lease liability)	-	-	-	10.8	12.6	**23.4**
Non-derivative financial liabilities at 31 December 2020	**1.1**	**170.8**	**11.3**	**41.1**	**51.1**	**275.4**
Derivatives – inflows	-	5.2	0.5	-	-	**5.7**
Derivatives – outflows	-	(5.0)	-	-	-	**(5.0)**
Derivative financial liabilities at 31 December 2020	**-**	**0.2**	**0.5**	**-**	**-**	**0.7**
Trade and other payables	3.7	12.4	0.1	-	-	**16.2**
Lease liabilities	-	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**

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	244.2	92.5	18.6	2.1	-	**357.4**
Financial liabilities	(1.1)	(171.0)	(11.8)	(41.1)	(51.1)	**(276.1)**
Net financial assets/(liabilities) at 31 December 2020	**243.1**	**(78.5)**	**6.8**	**(39.0)**	**(51.1)**	**81.3**
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**

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 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

	2020 Income CHF m	2019 Income CHF m	31.12.2020 Non-current assets CHF m	31.12.2019 Non-current assets CHF m
Switzerland	58.3	105.9	298.2	493.5
United Kingdom	118.8	132.0	53.2	278.5
Rest of Europe	61.0	79.3	18.9	18.8
Rest of the world	19.2	26.6	6.4	9.1
Total	**257.3**	**343.8**	**376.7**	**799.9**

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:

	2020 CHF m	2019 CHF m
Salaries and other short-term employee benefits	3.5	6.9
Share-based payment expenses	(0.5)	2.1
Post-employment benefits	0.3	0.5
Social security expenses	0.4	0.7
Key management personnel compensation	**3.7**	**10.2**

With effect from 1 September 2019, Peter Sanderson was appointed as the Group CEO and as a member of the Group Management Board.

Matthew Beesley, former Group Head of Investments, stepped down as a member of the Group Management Board on 28 February 2020 and subsequently left the Group.

Effective 1 April 2020, Rachel Wheeler – Group General Counsel, Tim Rainsford – former Group Head of Sales and Distribution, and Martin Jufer – Group Head of Private Labelling, stepped down from the Group Management Board. On the same date, Steve Rafferty, Group Chief Operating Officer, was appointed to the Group Management Board. Tim Rainsford subsequently left the Group.

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.

Hugh Scott-Barrett stepped down from his current role as Chairman of the Board of Directors effective 1 October 2019 but remained a member of the Board of Directors until GAM Holding AG's Annual General Meeting held on 30 April 2020.

At the Annual General Meeting held on 30 April 2020, Thomas Schneider was elected as a new member of the Board of Directors and David J. Jacob, interim Group CEO since 6 November 2018 and appointed Chairman of the Board of Directors effective 1 October 2019, was elected Chairman of the Board of Directors.

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 2020 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 position as at 31 December 2020. 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 2020 compensation report.

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

	2020 CHF m	2019 CHF m
Current plans		
Share plans for the Group Management Board	-	1.0
Share plans for members of the Board of Directors	0.8	0.7
Bonus deferrals	7.5	5.5
2017 employee option award	-	0.4
Other option awards	(1.1)	0.1
Other equity-settled share awards	0.9	0.5
2019-2022 retention plans	2.3	2.9
2019-2024 long-term incentive awards	-	0.1
2018 long-term incentive plan	(0.1)	-
2017 long-term incentive plan	(0.1)	-
Legacy plans		
2016 long-term incentive plan	0.8	0.9
Variable restricted share (VRS) grant	0.1	0.2
Share-based payment expenses	**11.1**	**12.3**

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. Less than CHF 0.1 million was recognised as an expense in 2020 (2019: CHF 0.3 million). In 2020, 101,309 shares were delivered and 101,552 shares were forfeited, related to one former member of the Group Management Board (2019: 112,235 shares were forfeited relating to one former member of the Group Management Board).

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. In 2020, due to forfeitures a credit of less than CHF 0.1 million was recognised (2019: CHF 0.7 million). In 2020, 72,366 shares were delivered and 30,226 shares were additionally forfeited.

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 2020 (2019: less than CHF 0.1 million). On 6 March 2020 142,506 shares were delivered and no shares were additionally forfeited in 2020 (as at 31 December 2019, 9,119).

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 a credit of less than CHF 0.1 million was recognised. On 7 March 2019, 114,981 shares were delivered and 1,954 shares were additionally forfeited in 2019. For further details see note 21.

Share plans for members of the Board of Directors
On 1 May 2020, the members of the Board of Directors were granted a total of 381,772 GAM Holding AG shares at a fair value of CHF 2.03 per share. These shares will vest and be delivered on the day before the Company's 2021 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 2020, an expense of CHF 0.5 million was recognised. For further details see note 21.

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 have vested and were delivered on the day before the Company's 2020 Annual General Meeting. The fair value at grant date is recognised as an expense over the relevant vesting period. In 2020, an expense of CHF 0.3 million was recognised (2019: CHF 0.5 million). 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.

Bonus deferrals
2020 bonus deferrals
In line with the compensation framework, deferral of variable compensation applies to all employees.

In early 2021, the Group is expected to grant to relevant employees GAM Holding AG shares and options as their variable compensation for 2020. These shares are expected to 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 expected aggregate fair value of these awards to be delivered in shares and options is recognised as an expense over the relevant vesting period starting 1 January 2020. In 2020, an expense of CHF 2.7 million was recognised.

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.

On 2 March 2020, the Group granted to relevant employees 2,911,703 GAM Holding AG shares with a fair value of CHF 3.17 per share 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.

As at the date of grant, the aggregate fair value of these shares amounted to CHF 9.2 million and is recognised as an expense over the relevant vesting period starting 1 January 2019. In 2020, an expense of CHF 3.4 million was recognised (2019: CHF 2.7 million).

As at 31 December 2020, 129,223 shares have been forfeited and 2,782,481 shares were outstanding.

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 2020, an expense of CHF 0.7 million was recognised (2019: CHF 1.3 million).

As at 31 December 2020, 372,256 shares were delivered, 85,857 shares have been forfeited (31 December 2019: 62,608) and 672,992 shares were outstanding (31 December 2019: 1,131,105).

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 2020, an expense of CHF 0.7 million was recognised (2019: CHF 1.5 million).

As at 31 December 2020, 10,804 shares have been forfeited (31 December 2019: 42,656), 156,236 shares were delivered (31 December 2019: 166,896) and 157,792 shares were outstanding (31 December 2019: 324,832).

2020 employee option award

On December 2020, the Group granted, to certain employees (excluding all Board of Directors and Group Management Board members), a total of 316,884 options. Subject to certain terms and conditions, the Group will deliver through shares in GAM Holding AG the value of the option at exercise. The options have an exercise period of six months after their vesting date of 1 December 2023.

As at the date of the grant, the aggregate fair value of the 2020 option awards amounted to CHF 0.2 million. In 2020, an expense of less than CHF 0.1 million was recognised.

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 through shares in GAM Holding AG the value of the option at exercise. 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 2020, an expense of less than CHF 0.1 million was recognised (2019: CHF 0.4 million).

As at 31 December 2020, 787,129 options vested worthless, 34,734 options have been forfeited (31 December 2019: 300,987) and no options were outstanding (31 December 2019: 821,863).

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 2020, due to forfeitures an income of CHF 1.2 million (thereof for a member of the GMB: CHF 1.2 million) was recognised (2019: CHF 0.1 million net expense, thereof for a member of the GMB: CHF 0.4 million).

As at 31 December 2020, 30,769 options were vested worthless, 1,016,949 options have been forfeited (31 December 2019: 482,432) and 30,769 options were outstanding (31 December 2019: 1,078,487).

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 2020, an expense of CHF 0.4 million was recognised (2019: expense of less than CHF 0.1 million). In 2020 79,872 shares were delivered.

CEO share award 2018

On 3 May 2018, the Group CEO at the time 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 2020
In 2020, certain new employees were granted a total of 420,093 GAM Holding AG shares with a fair value between CHF 1.76 and CHF 3.17 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 2020, an expense of CHF 0.4 million was recognised. In 2020, 420,093 shares were outstanding.

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 2020, an expense of CHF less than 0.1 million was recognised (2019: expense of less than CHF 0.1 million). In 2020, 5,226 shares have been delivered and 10,452 shares were outstanding (31 December 2019: 15,678 shares were outstanding).

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 2020, an expense of less than CHF 0.1 million (2019: less than CHF 0.1 million) was recognised. As at 31 December 2020, 7,807 shares have been delivered and 19,456 shares were outstanding (31 December 2019: 27,263 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 2020, an expense of less than CHF 0.1 million was recognised (2019: CHF 0.2 million, thereof for a member of the GMB: CHF 0.2 million). As at 31 December 2020, all 69,195 shares have been delivered.

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 and 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 2020, no expense was recognised (2019: CHF 0.2 million, thereof for a member of the GMB: none) and all 21,100 shares were delivered. As at 31 December 2019, 21,100 shares were outstanding and 190,395 shares were delivered.

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 was 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 2020, an expense of CHF 2.3 million was recognised (2019: CHF 2.9 million).

As at 31 December 2020, retention awards with a fair value of CHF 0.3 million have been delivered and no shares were forfeited (as at 31 December 2019: CHF 0.6 million).

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 2020, after remeasurement of the non-market performance conditions an income of less than CHF 0.1 million was recognised (2019: expense CHF 0.1 million).

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 2020, after remeasurement of the non-market performance conditions, an income of CHF 0.1 million was recognised for the 2018 LTIP (2019: expense less than CHF 0.1 million).

As at 31 December 2020, 181,335 performance shares have been forfeited (as at 31 December 2019: 150,309). There number of outstanding performance share-based awards at year-end is 373,214 performance units (as at 31 December 2019: 554,549).

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 2020, after remeasurement of the non-market performance conditions, an income of CHF 0.1 million (thereof to members of the GMB: CHF 0.1 million) was recognised for the 2017 LTIP (2019: expense less than CHF 0.1 million, thereof to members of the GMB: less than CHF 0.1 million).

As at 31 December 2020, 11,606 performance units have been forfeited (31 December 2019: 66,010). There number of outstanding performance share-based awards at year-end is 44,110 performance units (as at 31December 2019: 55,716).

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, ie 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 2020, an expense of CHF 0.8 million (thereof to members of the GMB: CHF 0.2 million) was recognised for the 2016 LTIP awards (2019: CHF 0.9 million, thereof to members of the GMB: CHF 0.3 million).

As at 31 December 2020, 15,220 performance units (31 December 2019: 365,356 performance units) and 70,895 options (31 December 2019: 1,839,375 options) have been forfeited and 230,561 performance units (31 December 2019: 289,217) and 1,171,533 options (31 December 2019: 1,478,302) have expired. The number of outstanding share-based awards at 31 December 2020 is 2,160,286 (2019: 3,402,714) options and 424,246 performance units (2019: 670,027).

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 vested 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 2020			
Remaining contractual life (in months)	-	-	3
Number of rTSR units outstanding	-	-	424,246

	Options vested on 15 March 2019	Options vested 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 2020			
Remaining contractual life (in months)	-	-	9
Number of options outstanding	-	-	1,387,096

	Options vested on 15 March 2019	Options vested 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 2020			
Remaining contractual life (in months)	-	-	9
Number of options outstanding	-	-	773,190

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 2020, an expense of less than CHF 0.1 million was recognised (2019: CHF 0.2 million, thereof to a member of the GMB: none). The VRS units were valued using a Monte-Carlo simulation approach. As at vesting date of 5 October 2020, all VRS units expired worthless.

23. Commitments

23.1 Contractual commitments for the acquisition of assets

As at 31 December 2020 and 2019, 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 on 31 July 2018 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 0.6 million is recognised in the consolidated balance sheet as at 31 December 2020 (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 31.12.2020 CHF m	Head office	Share capital CHF m
GAM Holding AG	SIX Swiss Exchange	346	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 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
GAM Systematic LLP	UK	100
GAM Systematic Services Limited	UK	100
GAM Systematic (Cayman) Limited	Cayman	100
GAM Fund Management Limited	Ireland	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, France and Denmark)		
GAM Trade Finance 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 2020, GAM Limited, Bermuda and GAM Investment Management Singapore Pte. Ltd. were liquidated. GAM REFF II GP S.à.r.l. was sold. GAM Luxembourg S.A. established a branch office in Denmark.

Cantab Capital Partners LLP changed its name to GAM Systematic LLP on 1 January 2020. Cantab Capital Cayman Limited changed its name to GAM Systematic (Cayman) Limited on 1 January 2020.

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).

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 17 February 2021. In addition, they must be approved by the Annual General Meeting on 29 April 2021.

26.1 UK pension restructuring

On 1 February 2021, the Group entered into an arrangement with the trustees of the UK pension scheme where GAM Holding AG has issued a GBP 70.7 million non-transferable loan note, based on the UK pension scheme deficit valuation as at 31 March 2020 (as part of the latest triennial valuation), to GAM UK Limited (the sponsor of the UK pension scheme). GAM UK Limited has subsequently contributed the loan note to a Scottish Limited Partnership for the benefit of the UK pension scheme through an asset-backed contribution structure. This arrangement is expected to replace the need for GAM UK Limited to make pension scheme deficit repair payments based on the current actuarial valuation assumptions. The loan has a 10-year duration with monthly equal payments being made over the term of the note.

A new Scottish legal entity taking the role of the general partner to the Scottish Limited Partnership has been established within the UK sub-group and consolidated within the Group's consolidated financial statements. However, the Scottish Limited Partnership will not be consolidated within the Group's consolidated financial statements.

Under IFRS, the loan note does not represent a plan asset and will not be recognised as a financial liability for the purpose of the Group's consolidated financial statements. As a result of implementing this structure, there will be no accounting implications for the Group's consolidated financial statements, except for certain tax treatments and related disclosures that will be made to provide full transparency to the reader of the consolidated financial statements.

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 2020 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.

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 (note 29.2.6)
- 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)

Use of accounting estimates and judgments affected by the Covid-19 pandemic
GAM has considered the uncertainties resulting from the Covid-19 pandemic and has applied appropriate judgment when determining the effects of Covid-19, for example by applying probability-weighted estimates. The following estimates and assumptions have been specifically considered, given the significant uncertainty that exists, in particular when assessing the macroeconomic and financial impact on assets under management, and subsequently the related fee income and the Group's budget and forecasts, which serve as basis for the measurement of various assets and liabilities:
- utilisation of tax losses and measurement of deferred tax assets,
- determining the fair value contingent consideration,
- determining the carrying amount of the financial liability for performance fees attributable to external interests,
- measurement of the recoverable amount of goodwill and other intangible assets.

Significant events and transactions affected by the Covid-19 pandemic
As a consequence of the Covid-19 outbreak the capital markets have experienced significant price corrections and subsequently the forecasted assets under management and profitability levels were significantly lower compared to previous forecasts. As a result, the carrying amounts of goodwill and investment management and client contracts have been impaired or written off (see note 6 and 13 for further information). In the same context, financial liabilities for performance fees attributable to external interests and deferred consideration liabilities relating to previous acquisitions have been reduced as well (see notes 6 and 10 for further information).

29.2. Accounting policies
All Group companies apply uniform accounting policies, which remained consistent with the previous year, except for the application of various amendments to existing standards for the first time in 2020. The adoption of these accounting pronouncements had no significant impact on the consolidated financial statements of the Group.

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, ie 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 (eg trade receivables, loan receivables, investments 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 (eg 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 may use 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 10 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 reporting 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 (eg 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 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 10 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 reporting 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 (ie 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

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 2020 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cashflows 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 113 to 172) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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, brand and other intangible assets

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.

Recognition of net fee and commission income

Key Audit Matter

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 process.

Management fees and commissions are generally calculated as a fixed percentage of Assets 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 judgment can be required in the determination whether performance criteria have been met. Performance fees are only earned once the investment performance exceeds the predefined levels and crystallisation periods are passed.

Our response

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 service providers, such as 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 no differences have been identified.

On a sample basis, we agreed the fee rates, rebates and distribution charges to underlying contracts. We conducted analytical procedures on data and Assets under Management, fee 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 118 and 167.

Assessment of impairment of goodwill, brand and other intangible assets

Key Audit Matter

As at 31 December 2020, total goodwill, brand and other intangible assets on GAM's balance sheet amounted to CHF 295.6m (2019: CHF 713.1m), which equates to 36% of total assets (2019: 54%) and mainly includes brand (CHF 273.0m).

The recoverability of goodwill, brand and other intangible assets 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 where 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 indication for impairment. Whenever there are indications for impairment, the recoverable amount is estimated and compared with the carrying value.

These estimations require judgment about projected future cash-flows and the discount rates used.

Management's indicator-based impairment test completed in June 2020 resulted in a full impairment of goodwill (CHF 373.7m). The annual assessment by management showed that no impairment of brand was required. For the IMCC's, management concluded that an impairment in the amount of CHF 27.4m was required.

Our response

Amongst other audit procedures, we tested the mathematical accuracy of the valuation and the key inputs to the models used by:

- Comparing the cash flow forecast to the latest budget and five-year financial planning approved by the Board of Directors;
- Assessing the reasonableness of cash flow forecasts in different scenarios 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 historic results; and
- Challenging discount rates by comparing it 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, brand and other intangible assets to test whether there was sufficient headroom or if an appropriate impairment was recognised.

We further considered the appropriateness of disclosures in relation to goodwill, brand and other intangible assets and the impairment of goodwill and IMCCs.

We used our own valuation specialists to support our procedures.

For further information on the assessment of impairment of goodwill, brand and other intangible assets refer to notes 13 and 29.2.9 to the consolidated financial statements on pages 133 to 136 and 170.

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 Swiss 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, actions taken to eliminate threats or safeguards applied.

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, 17 February 2021

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT

	Note	2020 CHF m	2019 CHF m	Change in %
Income from investments in subsidiaries		2.3	3.1	(26)
Income from sale of investments in subsidiaries		37.2	-	-
Finance income		3.2	2.6	23
Recharges to affiliated companies		9.8	17.5	(44)
Other income		(5.9)	6.5	(191)
Income		**46.6**	**29.7**	**57**
Personnel expenses	2.2	41.9	15.2	176
General expenses		5.0	12.3	(59)
Finance expenses	2.3	4.3	3.3	30
Impairment loss	2.7	246.6	-	-
Expenses		**297.8**	**30.8**	**867**
Loss before taxes		**(251.2)**	**(1.1)**	**-**
Direct taxes		0.5	0.1	400
Net loss		**(251.7)**	**(1.2)**	**-**

BALANCE SHEET

	Note	31.12.2020 CHF m	31.12.2019 CHF m	Change in %
Cash and cash equivalents		18.6	25.9	(28)
Securities		5.0	18.1	(72)
Trade and other receivables	2.4	30.0	41.8	(28)
Accrued income and prepaid expenses	2.5	5.4	13.5	(60)
Loans	2.6	1.0	8.0	(88)
Other financial assets		0.3	1.5	(80)
Current assets		**60.3**	**108.8**	**(45)**
Loans	2.6	168.9	115.5	46
Investments in subsidiaries	2.7	620.3	878.7	(29)
Intangible assets		2.6	-	-
Non-current assets		**791.8**	**994.2**	**(20)**
Assets		**852.1**	**1,103.0**	**(23)**
Loans	2.8	-	14.5	(100)
Accrued expenses and deferred income	2.9	12.4	10.8	15
Other liabilities	2.10	11.9	14.7	(19)
Current liabilities		**24.3**	**40.0**	**(39)**
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		(251.7)	(1.2)	-
Other voluntary reserve		182.5	183.7	(1)
Treasury shares				
Treasury shares from capital contribution reserve	2.12	-	-	-
Other treasury shares	2.12	(9.7)	(26.2)	63
Shareholders' equity		**827.8**	**1,063.0**	**(22)**
Liabilities and shareholders' equity		**852.1**	**1,103.0**	**(23)**

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
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 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 entities within the GAM Group of which GAM Holding AG is not the direct shareholder.

2.2 Personnel expenses

	2020 CHF m	2019 CHF m	Change in %
Salary and bonuses	4.6	7.4	(38)
Social security expenses	0.5	0.6	(17)
Pension plan expenses	0.6	0.8	(25)
Share-based payments	35.9	5.9	508
Other personnel expenses	0.3	0.5	(40)
Personnel expenses	**41.9**	**15.2**	**176**

2.3 Finance expenses

	2020 CHF m	2019 CHF m	Change in %
Loss on financial investments	3.7	2.5	48
Interest expenses	0.2	0.4	(50)
Other finance expenses	0.4	0.5	(20)
Finance expenses	**4.3**	**3.3**	**30**

2.4 Trade and other receivables

	31.12.2020 CHF m	31.12.2019 CHF m	Change in %
Third parties	1.2	0.8	50
Direct subsidiaries	0.1	0.2	(50)
Other Group companies	28.7	40.8	(30)
Trade and other receivables	**30.0**	**41.8**	**(28)**

2.5 Accrued income and prepaid expenses

	31.12.2020 CHF m	31.12.2019 CHF m	Change in %
Third parties	0.6	7.3	(92)
Direct subsidiaries	0.1	0.1	0
Other Group companies	4.7	6.1	(23)
Accrued income and prepaid expenses	**5.4**	**13.5**	**(60)**

2.6 Loans

	31.12.2020 CHF m	31.12.2019 CHF m	Change in %
Direct subsidiaries < 1 year	1.0	8.0	(88)
Direct subsidiaries > 1 year	168.9	115.5	46
Loans	**169.9**	**123.5**	**38**

2.7 Direct subsidiaries and other Group companies

	Country of incorporation	31.12.2020 Equity interest in %	31.12.2019 Equity interest in %
GAM Group AG	Switzerland	100	100
GAM GP Inc.	British Virgin Islands	100	100
GAM (UK) Limited	UK	100	100
GAM International Management Limited	UK	100	100
GAM London Limited	UK	100	100
(including branch office in Israel)			
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
GAM Systematic LLP	UK	100	100
GAM Systematic Services Limited	UK	100	100
GAM Systematic (Cayman) Limited	Cayman	100	100
GAM Fund Management Limited	Ireland	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 (Switzerland) Holding AG	Switzerland	100	100
GAM Investment Management (Switzerland) AG	Switzerland	100	100
(including a branch office in Lugano)			
GAM (Italia) SGR S.p.A.	Italy	100	100
GAM (Luxembourg) S.A.	Luxembourg	100	100
(including branch office in Spain, Austria, France and Denmark)			
GAM Trade Finance S.à.r.l.	Luxembourg	100	100
GAM (Deutschland) GmbH	Germany	100	100
GAM Investments (Australia) Pty Ltd	Australia	100	100
The GAM Employee Benefit Trust	Jersey	-	-

Changes to Group companies

In 2020, GAM Limited, Bermuda and and GAM Investment Management Singapore Pte. Ltd. were liquidated. GAM REFF II GP S.à.r.l. was sold. GAM Luxembourg S.A. established a branch office in Denmark. Cantab Capital Partners LLP changed its name to GAM Systematic LLP on 1 January 2020. Cantab Capital Cayman Limited changed its name to GAM Systematic (Cayman) Limited on 1 January 2020.

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 246.6 million was recognised in 2020. No impairment loss on investments in subsidiaries was recognised in 2019.

2.8 Loans

	31.12.2020 CHF m	31.12.2019 CHF m	Change in %
Direct subsidiaries < 1 year	-	14.5	(100)
Loans	**-**	**14.5**	**(100)**

2.9 Accrued expenses and deferred income

	31.12.2020 CHF m	31.12.2019 CHF m	Change in %
Third parties	2.1	2.1	0
Direct subsidiaries	0.1	0.1	0
Other Group companies	10.1	8.2	23
Auditors	0.1	0.4	(75)
Accrued expenses and deferred income	**12.4**	**10.8**	**15**

2.10 Other liabilities

	31.12.2020 CHF m	31.12.2019 CHF m	Change in %
Third parties	9.1	6.3	44
Other Group companies	2.8	8.4	(67)
Other liabilities	**11.9**	**14.7**	**(19)**

2.11 Capital contribution reserve

	CHF m
Balance at 1 January 2019	**893.4**
Distribution to shareholders	0.0
Balance at 31 December 2019	**893.4**
Distribution to shareholders	0.0
Balance at 31 December 2020	**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 2019	**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**
Delivery of shares in relation to share-based payments	(1,505,772)	13.27			(20.0)
Purchase of treasury shares to cover share-based payments	1,820,000	1.91	2.27	1.46	3.5
Balance at 31 December 2020	**2,078,728**	**14.84**			**9.7**

As at 31 December 2020, 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

	31.12.2020 CHF m	31.12.2019 CHF m
Guarantee obligations in favour of Group companies	2.6	4.4

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

	2020	2019
Average number of full-time equivalents	15.4	22.7

3.4 Events after the reporting period

On 1 February 2021, the Group entered into an arrangement with the trustees of the UK pension scheme where GAM Holding AG issued a GBP 70.7 million non-transferable loan note, based on the UK pension scheme deficit valuation as at 31 March 2020 (as part of the latest triennial valuation), to GAM UK Limited (the sponsor of the UK pension scheme). GAM UK Limited has subsequently contributed the loan note to a Scottish Limited Partnership for the benefit of the UK pension scheme through an asset backed contribution structure. This arrangement is expected to replace the need for GAM UK Limited to make pension scheme deficit repair payments based on the current actuarial valuation assumptions. The loan has a ten-year duration with monthly equal payments being made over the term of the note.

The loan note will be recognised as a liability and measured at its nominal value. In addition, the carrying value of the investment in subsidiaries will be increased by the amount equivalent to the loan note, reflecting the value contributed by GAM Holding AG to GAM UK as one of its indirect subsidiaries due to the elimination of GAM UK's pension deficit and the resulting increase in GAM UK's equity.

3.5 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 2020.[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%**
Jörg Bantleon[4]	10.08%	-	**10.08%**
Schroders plc[5]	5.067%	-	**5.07%**
Mario J. Gabelli[6]	1.65%	1.38%	**3.02%**
Dimensional Holdings Inc.[7]	3.00%	-	**3.00%**
GAM Holding AG[8]	2.31%[9]	-	**2.31%**

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 Jörg Bantleon, D-80799 Munich. Bantleon Bank AG, Bahnhofstrasse 2, 6300 Zug, Switzerland (as at 24 July 2020).

5 Schroders plc, London, UK (as at 11 November 2020).

6 Mario J. Gabelli, New York, USA (as at 14 November 2018).

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

8 GAM Holding AG, Zurich, Switzerland.

9 As at 31 December 2020 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 6.34% 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 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.

3.6 Share and option holdings of the members of the Board of Directors

	Vested shares [1]		Unvested shares [2]	
	2020	2019	2020	2019
David Jacob	30,735	10,355	76,354	38,652
Benjamin Meuli	54,767	32,973	59,113	23,584
Nancy Mistretta	34,749	17,093	49,261	23,584
Katia Coudray [4]	21,794	-	49,261	23,584
Jacqui Irvine [4]	11,782	-	49,261	23,584
Monika Machon [4]	11,960	-	49,261	23,584
Thomas Schneider [4]	-	-	49,261	-
Hugh Scott-Barrett [3]	53,705	36,330	-	32,954

[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 305,418 unvested shares that were awarded after AGM 2020 and which will vest on the day before the Company's 2021 AGM. The Chairman of the Board of Directors has an entitlement to 76,354 unvested shares that were granted on an equivalent basis.

[3] Hugh Scott-Barrett resigned as a member of the Board of Directors at the 2020 AGM.

[4] Katia Coudray, Jacqui Irvine and Monika Machon were elected as members of the Board of Directors at the 2019 AGM. Thomas Schneider was elected as a member of the Board of Directors at the 2020 AGM.

3.7 Share and option holdings of the members of the Group Management Board

	Vested shares [1]		Unvested shares [2, 3]	
	2020	2019	2020	2019
Peter Sanderson [4, 5]	42,133	-	159,745	239,617
Richard McNamara [4]	82,668	62,165	18,491	58,169
Elmar Zumbuehl	24,129	10,504	38,352	52,848
Steve Rafferty [6]	-	-	108,716	-
Martin Jufer [6]	35,709	10,987	41,379	67,687
Rachel Wheeler [6]	9,489	-	54,017	72,022
Tim Rainsford [6]	-	71,355	-	240,780
Matthew Beesley [6]	-	1,495	-	121,618

[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 2020 of CHF 2.16, Peter Sanderson is currently at 6% of target and Richard McNamara is currently at 15% of target.

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

[6] Matthew Beesley stepped down as a member of the Group Management Board on 28 February 2020. Rachel Wheeler, Martin Jufer and Tim Rainsford stepped down as members of the Group Management Board on 31 March 2020. Steve Rafferty joined the Group Management Board on 1 April 2020.

3.8 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	2020	381,772	0.7	-	-	-	-
Board of Directors	2019	203,741	0.9	-	-	-	-
Granted to members of the	2020	-	-	-	-	-	-
Group Management Board	2019	757,086	2.8	704,858	0.8	-	-
Granted to other members	2020	3,331,796	10.3	-	-	316,884	0.2
of the staff	2019	1,219,607	4.9	294,142	0.3	-	-

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

	2020 CHF m	2019 CHF m
Net loss	**(251.7)**	**(1.2)**
Appropriation to other voluntary reserve	(251.7)	(1.2)

The Board of Directors proposes to the forthcoming Annual General Meeting the appropriation of the net loss for the year 2020 of CHF 251.7 million to other voluntary reserve and no distribution payment to the shareholders.

The Board of Directors

Zurich, 17 February 2021

KPMG

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 2020, 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 180 to 192) for the year ended 31 December 2020 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.

Valuation of investments in subsidiaries

Key Audit Matter

As of 31 December 2020, the financial statements of GAM Holding AG include significant investments in subsidiaries in the amount of CHF 620.3m (2019: CHF 878.7m).

Investments in subsidiaries are valued at the lower acquisition cost or value in use and are reviewed by management for potential impairment on an annual basis. For the 2020 financial year, management concluded that an impairment of CHF 246.6m was required (2019: no impairment).

The assessment of the value in use requires judgment about projected future cash flows and the discount rate used.

Our response

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 and the impairment of such.

For further information on the valuation of investments in subsidiaries, refer to note 1.5 to the financial statements on page 182.

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 scepticism 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.
- 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, actions taken to eliminate threats or safeguards applied.

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, 17 February 2021

FINANCIAL SUMMARY AND SHARE INFORMATION

FIVE-YEAR FINANCIAL SUMMARY

	2020 CHF m	2019 CHF m	2018 CHF m	2017 CHF m	2016 CHF m
Net management fees and commissions	230.4	317.1	495.4	503.6	470.5
Net performance fees	2.8	12.8	4.5	44.1	3.0
Net fee and commission income	**233.2**	**329.9**	**499.9**	**547.7**	**473.5**
Net other (expenses)/income	(4.0)	(3.7)	0.3	2.2	5.1
Income	**229.2**	**326.2**	**500.2**	**549.9**	**478.6**
Personnel expenses	150.5	197.0	239.6	264.6	246.2
Fixed personnel expenses	118.3	139.9	153.9	150.1	155.7
Variable personnel expenses	32.2	57.1	85.7	114.5	90.5
General expenses	75.0	99.6	127.7	106.1	102.9
Occupancy	5.6	8.0	22.2	22.2	25.7
Technology and communication	15.2	19.0	14.1	12.7	13.8
Data and research	20.6	20.7	23.4	17.9	17.5
Professional and consulting services	8.3	18.1	17.6	15.5	10.2
Marketing and travel	7.0	13.9	17.6	18.2	17.8
Administration	5.5	7.0	9.5	8.8	6.1
Other general expenses	12.8	12.9	23.3	10.8	11.8
Depreciation and amortisation	18.6	19.1	6.2	6.7	9.4
Expenses	**244.1**	**315.7**	**373.5**	**377.4**	**358.5**
Underlying (loss)/profit before taxes	**(14.9)**	**10.5**	**126.7**	**172.5**	**120.1**
Underlying income tax expense	-	5.6	28.5	35.4	25.9
Underlying net (loss)/profit	**(14.9)**	**4.9**	**98.2**	**137.1**	**94.2**
Acquisition-related items	19.8	(12.5)	82.3	36.1	(1.6)
Non-recurring items	(402.4)	3.2	(1,130.1)	(21.2)	2.9
Tax on acquisition-related items	0.6	1.3	4.8	6.4	1.5
Tax on non-recurring items	1.7	0.3	32.6	4.0	(0.7)
Non-recurring tax item	6.8	(0.7)	(4.6)	-	27.8
IFRS net (loss)/profit	**(388.4)**	**(3.5)**	**(916.8)**	**162.4**	**124.1**
Operating margin (%) [1]	(4.7)	4.3	25.3	31.1	24.3
Compensation ratio (%) [2]	64.5	59.7	47.9	48.3	52.0
Average personnel (FTEs)	767	872	932	951	1,023

[1] (Net fee and commission income – expenses) / net fee and commission income.

[2] Personnel expenses / net fee and commission income.

	2020	2019	2018	2017	2016
Assets under management at the end of the year (CHF bn)	**122.0**	**132.7**	**132.2**	**158.7**	**120.7**
in investment management	35.9	48.4 [1]	56.1 [2]	84.4	68.2
in private labelling	86.1	84.3	76.1	74.3	52.5
Average assets under management (CHF bn)	**121.3**	**135.6**	**154.4**	**138.0**	**117.2**
in investment management	37.9	52.6 [3]	76.8 [3]	74.7	68.3
in private labelling	83.4	83.0	77.6	63.3	48.9
Net flows (CHF bn)	**(11.0)**	**(10.0)**	**(2.2)**	**24.3**	**(6.4)**
in investment management	(10.6)	(11.1)[4]	(10.5)[4]	8.6	(10.7)
in private labelling	(0.4)	1.1	8.3	15.7	4.3
Net management fees and commissions (CHF m)	**230.4**	**317.1**	**495.4**	**503.6**	**470.5**
in investment management	196.5	284.9	453.6	463.8	434.4
in private labelling	33.9	32.2	41.8	39.8	36.1
Total fee margin in investment management (bps)	52.5	56.6	59.6	68.0	64.1
Management fee margin in investment management (bps)	51.8	54.2	59.1	62.1	63.6
Management fee margin in private labelling (bps)	4.1	3.9	5.4	6.3	7.4
Weighted average number of shares outstanding for basic EPS (m)	156.6 [5]	155.5	155.4	157.0	157.7
Basic underlying EPS (CHF)	(0.10)	0.03	0.63	0.87	0.60
Basic IFRS EPS (CHF)	(2.48)	(0.02)	(5.90)	1.03	0.79
Weighted average number of shares outstanding for diluted EPS (m)	161.3 [6]	157.0 [6]	156.6 [6]	158.8	157.8
Diluted underlying EPS (CHF)	(0.10)	0.03	0.63	0.86	0.60
Diluted IFRS EPS (CHF)	(2.48)	(0.02)	(5.90)	1.02	0.79
Dividend per share for the financial year (CHF)	-	-	-	0.65	0.65

[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 and which were sold in Q4 2020.

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

[3] Excluding ARBF-related assets under management since August 2018.

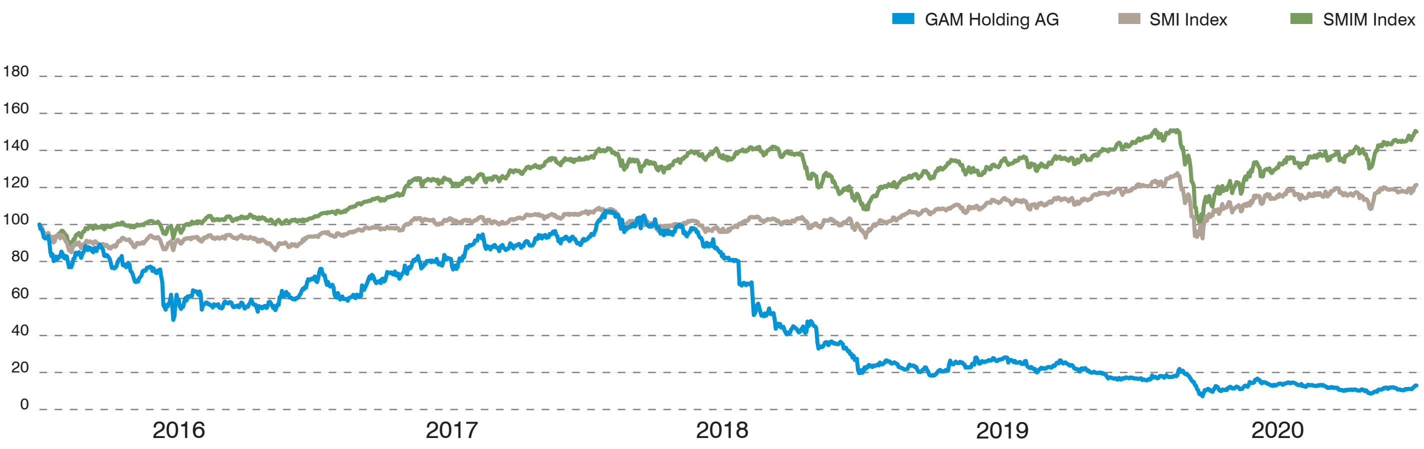
[4] Including ARBF-related net inflows in H1 2018 of CHF 0.3 billion and excluding ARBF-related net flows in H2 2018 and FY 2019, and fund assets liquidated as at 31 December 2018 and 31 December 2019.

[5] As a result of the underlying net loss reported for 2020, for the calculation of the diluted underlying EPS, the weighted average number of shares outstanding for diluted EPS equals the weighted average number of shares outstanding for basic EPS of 156.6 million .

[6] As a result of the IFRS net loss reported for 2020, 2019 and 2018, for the calculation of the diluted IFRS EPS for 2020, 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 156.6 million for 2020, 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

	2020	2019	Change in %
Closing price at the end of the year	2.16	2.80	(23)
Highest price	3.65	4.72	(23)
Lowest price	1.20	2.70	(56)
Market capitalisation at the end of the year (CHF m) [1]	346	448	(23)

Treasury shares

	31.12.2020	31.12.2019	Change in %
Shares issued	159,682,531	159,682,531	0
Treasury shares	(3,688,131)	(4,081,341)	(10)
Shares outstanding	155,994,400	155,601,190	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