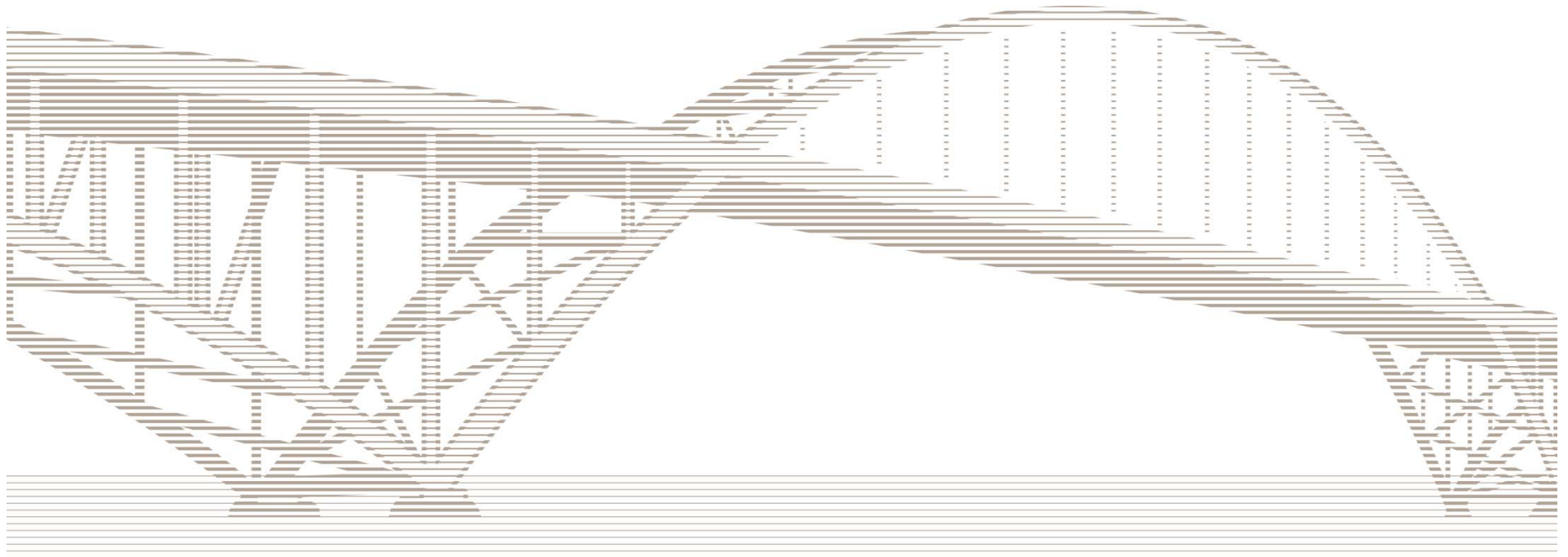


# Results and Review Half-Year 2016

3 August 2016



# Agenda



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**H1 2016 Summary**

**Alexander S. Friedman, Group CEO**

**H1 2016 Financial Results**

**Richard McNamara, Group CFO**

**Business Strategy and Outlook**

**Alexander S. Friedman, Group CEO**

**Q&A session**

**Appendix**

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# **H1 2016 Summary**

**Alexander S. Friedman, Group CEO**

# Progress on Strategic Initiatives

We are delivering on our strategic plan – and there is more to do

| <u>Strategic initiatives</u>  | <u>Actions taken</u>   | <u>Future actions</u>  |
|---|--|--|
| <b>Repositioning GAM</b><br>Brand and leadership                            | <ul style="list-style-type: none"> <li>• Branding simplified, ‘earned’ media increased</li> <li>• New senior management hires</li> </ul>   | <ul style="list-style-type: none"> <li>• New distribution leadership</li> </ul>  |
| <b>Internal efficiency</b><br>Operating model                               | <ul style="list-style-type: none"> <li>• GAM and Swiss &amp; Global integration</li> <li>• Realigned to a group-wide functional organisation</li> <li>• New target operating model implementation underway:                             <ul style="list-style-type: none"> <li>– Project progressing well</li> <li>– Cost savings of CHF 20m+ annually from 2017</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>• Further efficiency gains achievable once new model is in place</li> <li>• Investment in global infrastructure to enable scalability</li> </ul>  |
| <b>Business expansion</b><br>Investments in organic growth and acquisitions | <ul style="list-style-type: none"> <li>• Product shelf recalibrated:                             <ul style="list-style-type: none"> <li>– 56 strategies merged/closed</li> <li>– 6 innovative new investment competences launched in multi asset, absolute return, trade finance, etc.</li> </ul> </li> <li>• New, complementary capabilities acquired:                             <ul style="list-style-type: none"> <li>– Real estate debt/Renshaw Bay</li> <li>– Global equities/Taube Hodson Stonex (THS)</li> <li>– Quantitative/Cantab Capital Partners (Cantab)</li> </ul> </li> <li>• New GAM Systematic offering launched</li> </ul> | <ul style="list-style-type: none"> <li>• Continuous streamlining of product shelf</li> <li>• Add further products to continue earnings diversification</li> <li>• Improving global sales and distribution footprint</li> </ul> |

# Half-Year 2016 Financial Summary

Subdued investment performance impacts performance fees and financial results

| in CHF, except where indicated                        | H1 2015 | H2 2015 | H1 2016 |
|---|---------|---------|---------|
| Total period-end AuM (bn)                             | 124.2   | 119.0   | 113.5   |
| Investment management (bn)                            | 73.5    | 72.3    | 65.5    |
| Private labelling (bn)                                | 50.7    | 46.7    | 48.0    |
| Investment management net flows (bn)                  | 2.0     | (1.7)   | (5.6)   |
| Three-year investment outperformance <sup>1</sup> (%) | 83      | 61      | 58      |
| Net performance fees (m)                              | 44.1    | 38.7    | 1.2     |
| Underlying profit before taxes (m)                    | 101.5   | 96.3    | 55.0    |
| Diluted underlying EPS                                | 0.50    | 0.48    | 0.27    |
| Operating margin (%)                                  | 33.0    | 32.6    | 22.5    |
| IFRS net profit (m)                                   | 80.9    | 57.4    | 53.3    |

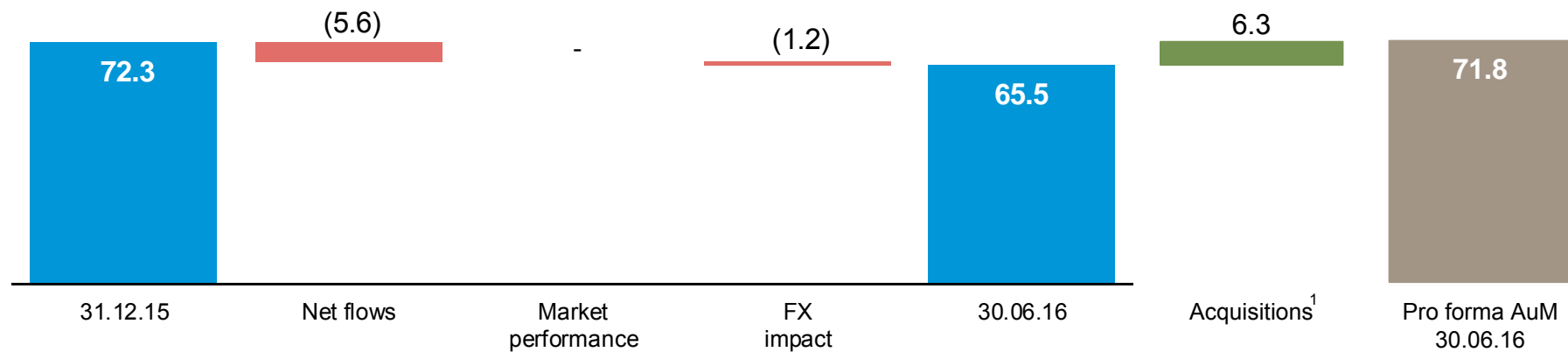
<sup>1</sup> % of AuM in funds (excluding mandates and segregated accounts) outperforming their benchmarks.

# AuM Movement Summary

Uncertain markets resulted in further net outflows in investment management

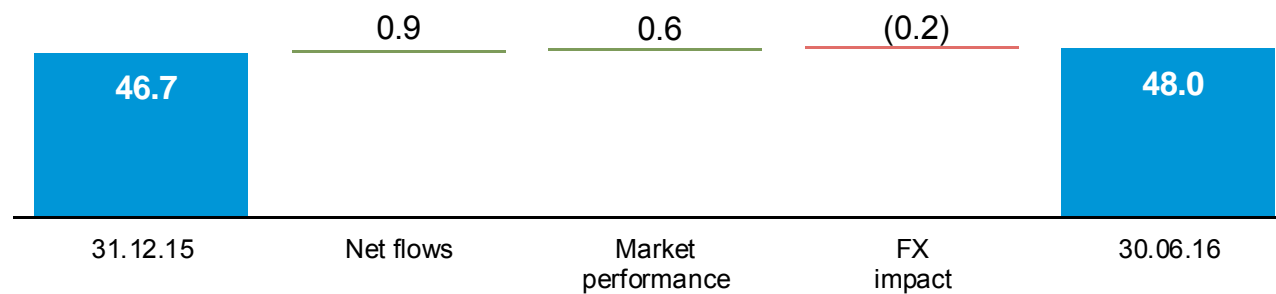
## Investment management

in CHF bn



## Private labelling

in CHF bn

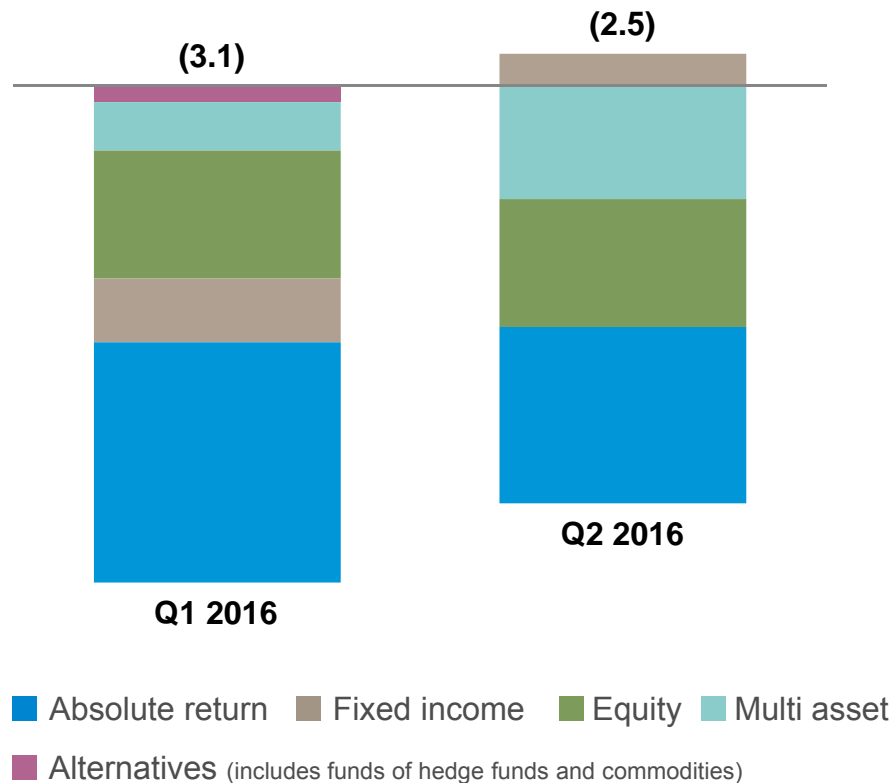


<sup>1</sup> Includes AuM as at 30.06.16 of CHF 2.3bn relating to the acquisition of THS and CHF 4.0bn relating to the acquisition of Cantab.

# Investment Management Net Flows

Unconstrained fixed income strategy impacted by investment performance;  
Japan and China equities affected by sector concerns

in CHF bn



## Net flows in H1 2016

### Absolute return (CHF -2.6bn)

- Continued outflows from unconstrained fixed income strategy
- Absolute return Europe and global macro strategies also saw outflows

### Fixed income (CHF -0.2bn)

- Strong net inflows in local emerging bond strategy
- Continued positive flows in investment grade credit and other specialised fixed income products
- Redemptions mainly in European ABS and some segregated mandates

### Equity (CHF -1.6bn)

- China and Japan equity net outflows driven by sector sentiment
- Continued positive net inflows into Continental Europe strategy

### Multi asset (CHF -1.0bn)

- Continued inflows from financial advisors into risk rated solutions
- Net outflows from private client business and some segregated mandates

### Alternatives (CHF -0.2bn)

- Net inflows in physical gold and silver funds
- Net outflows from funds of hedge funds

# Investment Performance

Solid overall investment outperformance over three and five years maintained

| Capability                   | Investment performance <sup>1</sup> |            |
|------------------------------|-------------------------------------|------------|
|                              | 3 years                             | 5 years    |
| Absolute return <sup>2</sup> | 45%                                 | 70%        |
| Fixed income                 | 78%                                 | 84%        |
| Equity                       | 55%                                 | 69%        |
| Alternatives <sup>3</sup>    | 27%                                 | 100%       |
| <b>Total<sup>2</sup></b>     | <b>58%</b>                          | <b>76%</b> |

<sup>1</sup> % of AuM in funds (excluding mandates and segregated accounts) outperforming their benchmark.

<sup>2</sup> Excluding the Absolute Return Bond Strategy – the total investment performance would be 65% and 84% and for the absolute return capability 60% and 98% for three and five years respectively.

<sup>3</sup> Reflects performance of products in alternative investments solutions only.

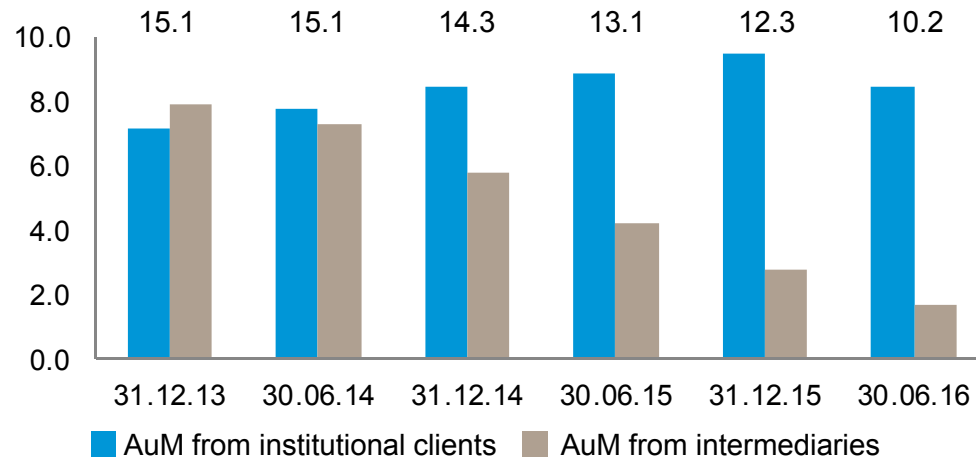


# Deep Dive – Absolute Return Bond Strategy

Turnaround of investment performance progressing – top quartile in relevant peer group<sup>1</sup>

## AuM development

in CHF bn



## Strong year-to-date<sup>2</sup> investment performance in 2016

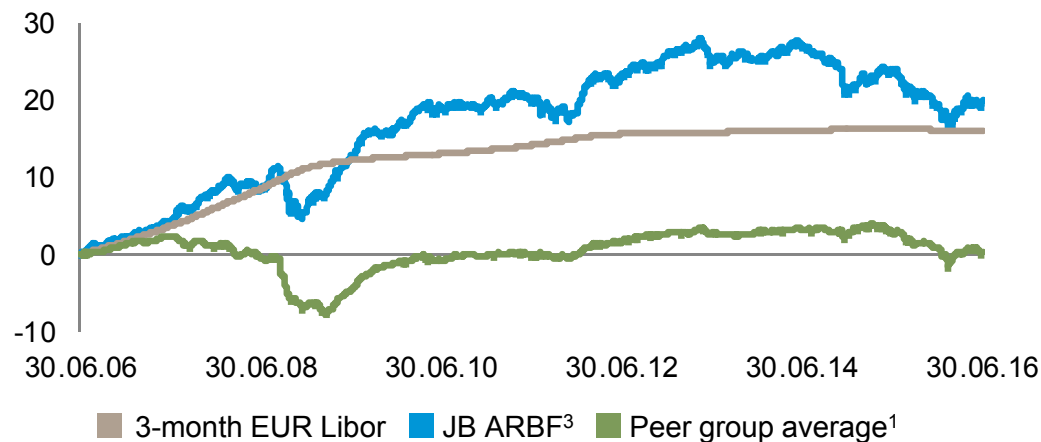
- +1.0% for absolute return bond fund
- +2.1% for absolute return bond fund plus
- +0.3% for absolute return bond fund defender

## Consistent and successful investment process since inception

- Stable team
- Increased allocation to model-based strategies
- Use of trade finance
- More diverse global client base

## 10 year investment performance

in %



<sup>1</sup>Year-to-date performance as at 30.06.16 according to GAM's peer group analysis. See page 40 for detailed information on peer group constituents.

<sup>2</sup> As at 28.07.16.

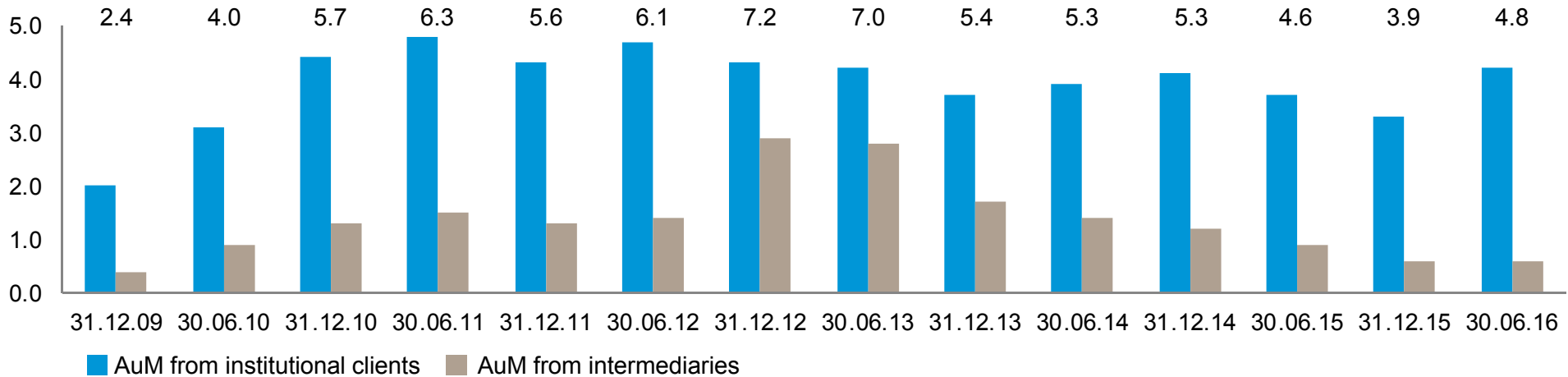
<sup>3</sup> JB BF Absolute Return-EUR/Share class B.

# Deep Dive – Local Emerging Bond Fund

Recent high demand driven by positive sector sentiment – top-quartile track record<sup>1</sup>

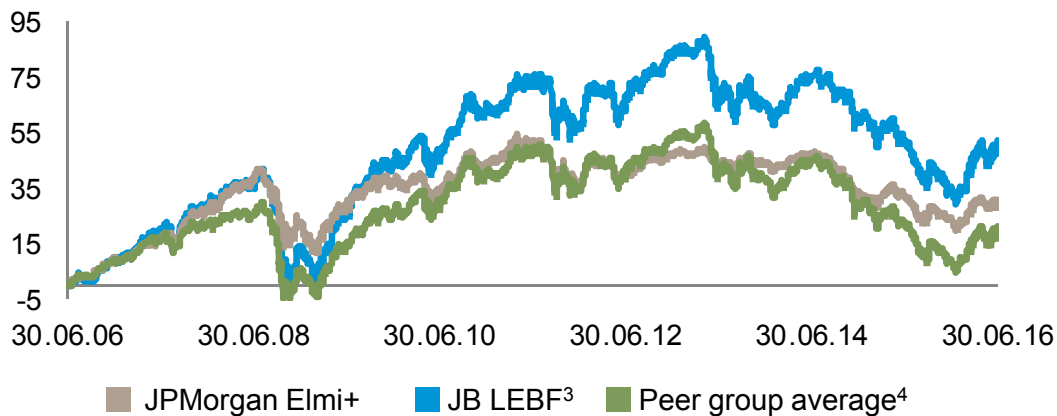
## AuM development

in CHF bn



## 10 year investment performance

in %



### Strong year-to-date<sup>2</sup> investment performance in 2016

- Absolute: +12.7%
- Relative: +7.1%

### Positive client sentiment for asset class

- H1 2016 net inflows: CHF 0.5bn
- Encouraging pipeline for H2 2016

<sup>1</sup> Morningstar analysis as at 30.06.16 for 3, 5, 10 years and since inception.

<sup>2</sup> As at 28.07.16.

<sup>3</sup> Julius Baer Bond Fund Local Emerging-USD/Share class B.

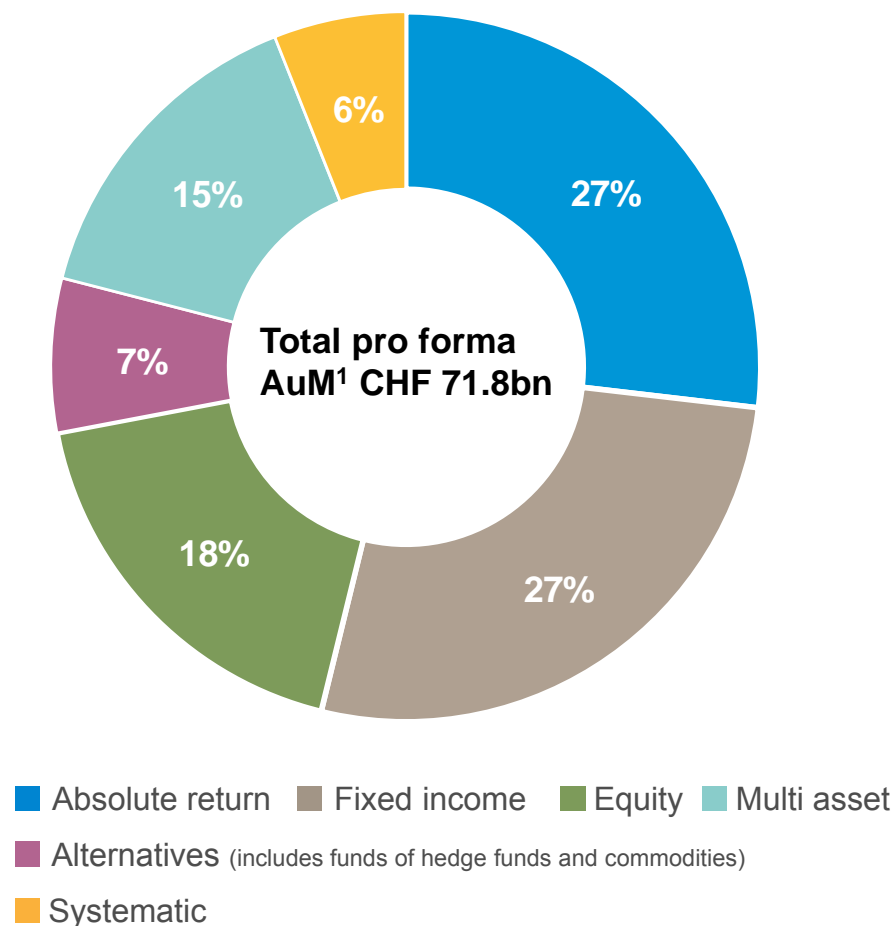
<sup>4</sup> Retail peer group according to GAM. See page 40 for detailed information on peer group constituents.

# Investment Management – Pro Forma AuM



Diversifying product offering through acquisitions of THS and Cantab in addition to investments in organic growth

## Pro forma AuM<sup>1</sup> by capability as at 30.06.2016



### Absolute return (CHF 19.2bn)

- Market-leading alternative UCITS offering
- Launch of merger arbitrage strategy (July 2016)

### Fixed income (CHF 19.3bn)

- Successful entry into private market asset class
- Marketing of new Europe real estate debt strategy (H2 2016)
- Launch of unique trade finance capability (July 2016)

### Equity (CHF 13.0bn)

- Focus on high-alpha opportunities
- Acquisition of THS, a UK-based global equity investment firm (expected to close in Q3 2016)

### Alternatives<sup>2</sup> (CHF 5.5bn)

### Multi asset (CHF 10.7bn)

- Launch of new target return range (March 2016)

### Systematic<sup>2</sup> (CHF 4.1bn)

- Acquisition of Cantab (expected to close late Q3 or early Q4 2016)
- Growth in GAM alternative risk premia offering
- Launch of GAM Systematic, a platform focused on quantitative investing across long-only and alternative strategies

<sup>1</sup> Includes AuM of CHF 2.3bn and CHF 4.0bn relating to the acquisitions of THS and Cantab respectively.

<sup>2</sup> CHF 0.1bn relating to alternative risk premia reclassified from alternatives to systematic.

# **H1 2016 Financial Results**

**Richard McNamara, Group CFO**

# Financial Summary

Decline in income partly offset by continued cost control

in CHF m, except where indicated

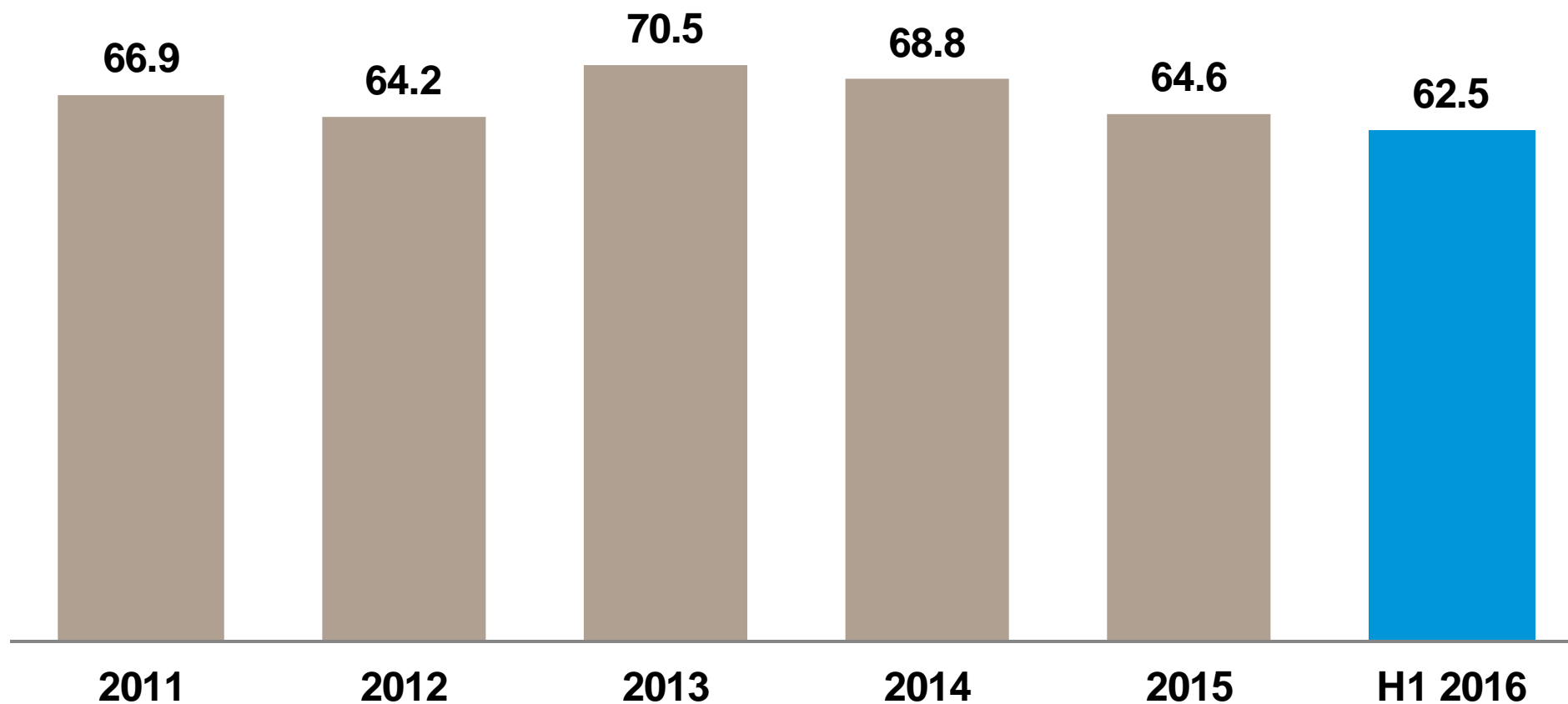
|                                       | H1 2015      | H2 2015      | H1 2016      | Change<br>H1 2016 vs H1 2015 |
|---------------------------------------|--------------|--------------|--------------|------------------------------|
| Net management fees and commissions   | 257.7        | 260.1        | 231.6        | (10%)                        |
| Net performance fees                  | 44.1         | 38.7         | 1.2          | (97%)                        |
| <b>Net fee and commission income</b>  | <b>301.8</b> | <b>298.8</b> | <b>232.8</b> | <b>(23%)</b>                 |
| Net other income/(expenses)           | 1.8          | (1.1)        | 2.7          | 50%                          |
| <b>Income</b>                         | <b>303.6</b> | <b>297.7</b> | <b>235.5</b> | <b>(22%)</b>                 |
| Expenses                              | 202.1        | 201.4        | 180.5        | (11%)                        |
| <b>Underlying profit before taxes</b> | <b>101.5</b> | <b>96.3</b>  | <b>55.0</b>  | <b>(46%)</b>                 |
| Underlying income tax expense         | 20.3         | 19.1         | 12.8         | (37%)                        |
| Underlying net profit                 | 81.2         | 77.2         | 42.2         | (48%)                        |
| <b>Diluted underlying EPS (CHF)</b>   | <b>0.50</b>  | <b>0.48</b>  | <b>0.27</b>  | <b>(46%)</b>                 |

# Management Fee Margin



Slight decrease in investment management fee margin; driven by shifts in product and client mix

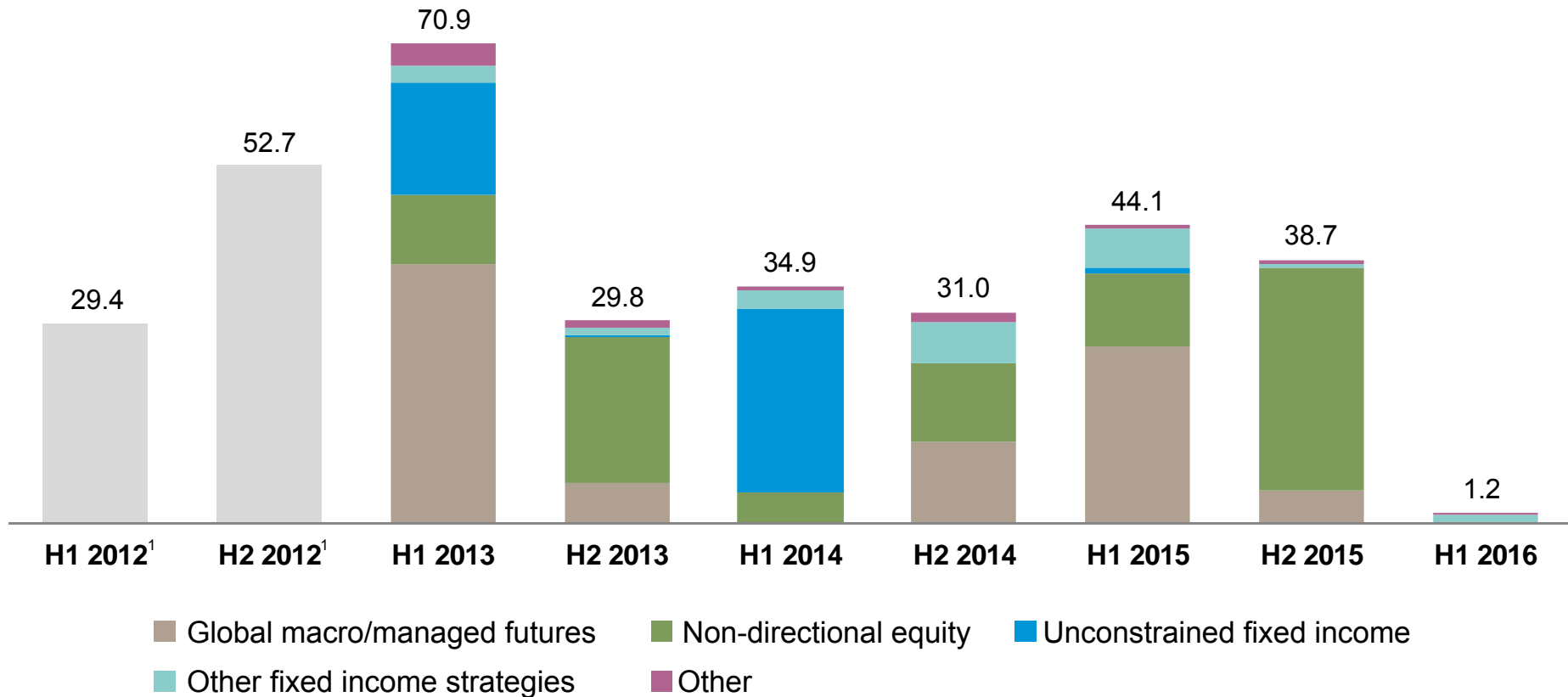
in bps



# Net Performance Fees

30% of our investment management AuM has performance fee potential

in CHF m



<sup>1</sup> Comparable split for H1 2012 and H2 2012 not available.

# Deep Dive on Performance Fees

Performance improvement required to reach high water marks (HWM)

## Absolute Return Bond Fund/Unconstrained Bond Fund strategy

| Fund                               | As at 30.06.16                  |                                    | Crystallisation date | Performance fee rate | Last HWM date |
|------------------------------------|---------------------------------|------------------------------------|----------------------|----------------------|---------------|
|                                    | Perf. fee eligible AuM (CHF bn) | % (below) / above HWM <sup>1</sup> |                      |                      |               |
| Absolute Return Bond Fund          | 3.3                             | (5%)                               | 30.06                | 10%                  | 30.06.14      |
| Absolute Return Bond Fund plus     | 1.4                             | (4%)                               | 30.06                | 10%                  | 30.06.14      |
| Absolute Return Bond Fund defender | 0.3                             | (5%)                               | 30.06                | 10%                  | 30.06.14      |
| Managed accounts                   | 1.7                             | (2%)                               | various              | 10%/15%              | various       |
| <b>Total AuM</b>                   | <b>6.7</b>                      |                                    |                      |                      |               |

## Global Rates strategy

| Fund                  | As at 30.06.16                  |                                    | Crystallisation date | Performance fee rate | Last HWM date |
|-----------------------|---------------------------------|------------------------------------|----------------------|----------------------|---------------|
|                       | Perf. fee eligible AuM (CHF bn) | % (below) / above HWM <sup>1</sup> |                      |                      |               |
| GAM Star Global Rates | 2.2                             | (9%)                               | 30.06                | 20%                  | 30.06.15      |
| Global Rates Hedge    | 0.6                             | (4%)                               | 31.12                | 20%                  | 31.12.15      |
| Managed accounts      | 0.4                             | (5%)                               | various              | 15%/20%              | various       |
| <b>Total AuM</b>      | <b>3.2</b>                      |                                    |                      |                      |               |

## GAM Lugano

| Fund                            | As at 30.06.16                  |                                    | Crystallisation date | Performance fee rate | Last HWM date |
|---------------------------------|---------------------------------|------------------------------------|----------------------|----------------------|---------------|
|                                 | Perf. fee eligible AuM (CHF bn) | % (below) / above HWM <sup>1</sup> |                      |                      |               |
| GAM Star (Lux) - European Alpha | 1.0                             | (8%)                               | quarterly            | 15%                  | 31.12.15      |
| GAM Talentum Europe L/S         | 0.4                             | (10%)                              | 31.12                | 20%                  | 31.12.15      |
| Managed accounts                | 0.1                             | (3%)                               | various              | 15%/20%              | various       |
| <b>Total AuM</b>                | <b>1.5</b>                      |                                    |                      |                      |               |

<sup>1</sup> AuM weighted average of individual share classes and managed accounts.



# Expenses

Strict cost control and drive for continued efficiency

in CHF m, except where indicated

|  | H1 2015      | H2 2015      | H1 2016      | Change<br>H1 2016 vs H1 2015 |
|--|--------------|--------------|--------------|------------------------------|
| Fixed personnel expenses <sup>1</sup>    | 82.2         | 82.9         | 79.8         | (3%)                         |
| Variable personnel expenses <sup>2</sup> | 63.0         | 61.9         | 45.3         | (28%)                        |
| <b>Total personnel expenses</b>          | <b>145.2</b> | <b>144.8</b> | <b>125.1</b> | <b>(14%)</b>                 |
| General expenses                         | 52.6         | 52.3         | 50.6         | (4%)                         |
| Depreciation and amortisation            | 4.3          | 4.3          | 4.8          | 12%                          |
| <b>Expenses</b>                          | <b>202.1</b> | <b>201.4</b> | <b>180.5</b> | <b>(11%)</b>                 |
| <b>Headcount (FTEs)<sup>3</sup></b>      | <b>1,097</b> | <b>1,074</b> | <b>1,024</b> | <b>(7%)</b>                  |

- **Fixed personnel expenses** driven by lower headcount
- Decrease in **variable personnel expenses** reflecting business performance
- **General expenses** down despite first-time inclusion of State Street administration fees (CHF 1.7m)
- Excluding impact of THS and Cantab, FY16 fixed staff costs and general expenses expected to be around **CHF 9.0m lower than in FY15**
- Continuous focus on **efficiency and cost control**
- **Target savings** of CHF 20m+ versus 2014 will be achieved in 2017

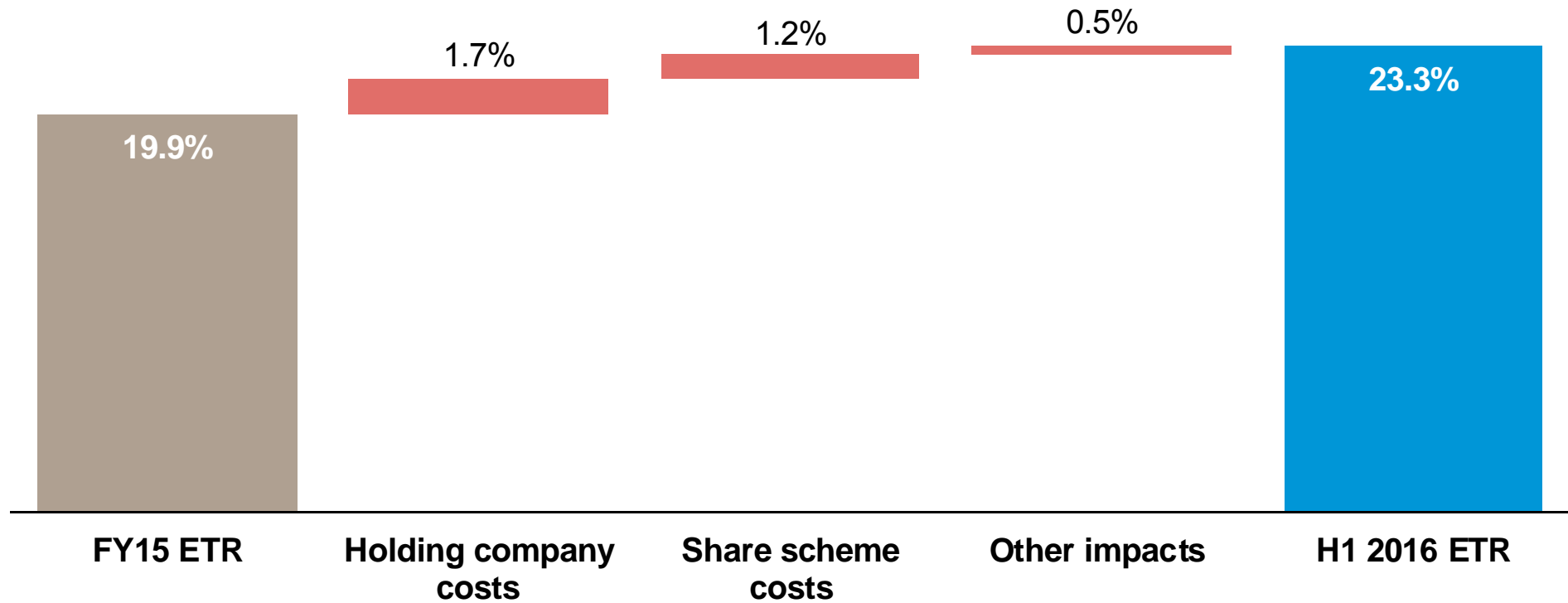
<sup>1</sup> Includes salaries and other personnel expenses.

<sup>2</sup> Includes discretionary and contractual bonuses as well as share-based payment expenses.

<sup>3</sup> Full-time equivalents as at 30.06 for H1 2015 and H1 2016 and 31.12 for H2 2015.

# Underlying Effective Tax Rate (ETR)

ETR driven by profitability and share price development



# IFRS Net Profit H1 2016

Primarily impacted by one-off pension credit and reduction in deferred consideration estimates

in CHF m

|  | H1 2015      | H2 2015      | H1 2016      | Change<br>H1 2016 vs H1 2015 |
|--|--------------|--------------|--------------|------------------------------|
| Net management fees and commissions    | 257.7        | 260.1        | 231.6        | (10%)                        |
| Net performance fees                   | 44.1         | 38.7         | 1.2          | (97%)                        |
| <b>Net fee and commission income</b>   | <b>301.8</b> | <b>298.8</b> | <b>232.8</b> | <b>(23%)</b>                 |
| Net other income/(expenses)            | 1.8          | (1.1)        | 2.7          | 50%                          |
| <b>Income</b>                          | <b>303.6</b> | <b>297.7</b> | <b>235.5</b> | <b>(22%)</b>                 |
| <b>Expenses</b>                        | <b>202.1</b> | <b>201.4</b> | <b>180.5</b> | <b>(11%)</b>                 |
| <b>Underlying profit before taxes</b>  | <b>101.5</b> | <b>96.3</b>  | <b>55.0</b>  | <b>(46%)</b>                 |
| Acquisition-related items <sup>1</sup> | (0.3)        | (13.1)       | 6.4          | n/a                          |
| Non-recurring items <sup>2</sup>       | -            | (8.5)        | 6.0          | n/a                          |
| <b>IFRS profit before taxes</b>        | <b>101.2</b> | <b>74.7</b>  | <b>67.4</b>  | <b>(33%)</b>                 |
| Income tax expense                     | 20.3         | 17.3         | 14.1         | (31%)                        |
| <b>IFRS net profit</b>                 | <b>80.9</b>  | <b>57.4</b>  | <b>53.3</b>  | <b>(34%)</b>                 |

<sup>1</sup> Items which are an accounting consequence of completed acquisitions, not directly relating to the operating activities of the acquired business.

<sup>2</sup> Items which arise out of a business decision or an event outside the control of the business, resulting in a significant gain or loss being recognised in the income statement, and the incidence of which is not expected to be of a recurring nature.

# Capital Management

Continue to balance business investments with shareholder returns

## Cash

- Cantab acquisition funded from existing cash resources
- CHF 100m revolving credit facilities available
- No external debt

## Capital

- Capital used to support investment in growth
- Temporary suspension of share buy-back programme
- Maintain a flexible approach to capital management

## Dividend

- Unchanged policy for a progressive, predictable and sustainable ordinary dividend
- Expecting to grow the dividend broadly in line with earnings through the business cycle (5-8 years)

# Cantab Acquisition Overview

Alignment of interests – platform for a profitable and scalable business

## Deal Structure

- GAM acquires 100% of business, excluding 40% of performance fee economics
- Upfront consideration of USD 217m, payable in cash at closing
- Pre-closing price adjustment mechanisms in place
- Three payments post 2018, 2019 and 2020 year-ends based on a multiple of prior 12 months' management fee revenues
- Based on 2015 management fee revenues, the earn-out would be USD 75m
- Transaction expected to close late Q3 2016 or early Q4 2016

## Business Metrics

- AuM of USD 4.1bn as at 30 June 2016
- Pro forma<sup>1</sup> metrics for 2015:
  - Net management fees: USD 49.0m
  - Net performance fees: USD 32.9m
  - Operating margin: 58%  
(for both net management and net performance fees)
- Future product launches at lower net management fee margins (FY15: 123bps)
- Year-to-date 30.06.2016 investment performance:
  - CCP quantitative programme: +6.6%
  - CCP core macro programme: +4.9%

1(a) Reflecting unaudited financial information for the 12 months ended 31.12.15 (b) Financial information is presented as if the acquisition of Cantab was completed on 1 January 2015 (c) Income and expense figures reflect the pro forma economics acquired by GAM (100% of management fees and 60% of performance fees) (d) Expense figures reflect the pro forma compensation arrangements agreed with Cantab

# **Business Strategy and Outlook**

**Alexander S. Friedman, Group CEO**

# Focus on Execution

Continue to deliver on our strategic plan

## Strategic initiatives

## Current priorities

### Repositioning GAM Brand and leadership

- Continue brand building; pre-eminent specialised active investment firm
- Support client retention efforts

### Internal efficiency Operating model

- Complete implementation of transformational operating model, achieving committed CHF 20m+ annual cost savings
- Further enhancements to processes and infrastructure to realise further efficiency gains
- Ongoing strict cost discipline to offset need for further investments

### Business expansion Investments in organic growth and acquisitions

- Integrate new capabilities, execute on product development plans and kick-off marketing efforts
  - New discretionary capabilities: THS, merger arbitrage and trade finance
  - New systematic capability: Cantab/GAM Systematic
- Cultivate capabilities with client demand and future growth potential
- Continue to improve investment performance
- New distribution leadership to improve current capabilities and client retention

# Outlook

Challenging market environment expected to continue, but targets remain

- Market environment expected to be challenging for the remainder of 2016:
  - Geopolitical uncertainty
  - Concerns over global growth
  - Monetary policy trajectory impacting market sentiment
- Uncertainty expected to continue to impact flows in H2 2016
- Continued development and diversification of product range: improving GAM's positioning for future growth
- Despite the current reduction in earnings, we are committed to:
  - Investing in the future and managing GAM for the long run
  - Maintaining our policy of progressive, predictable and sustainable dividends
  - Achieving our financial targets

Over the business cycle (5-8 years), we target an increase in our annualised diluted underlying earnings per share in excess of 10% through:

- Organic growth
- Positive market performance
- M&A activities and/or share buy-backs



# Appendix

# Performance Fee Eligible Assets and Income



## Performance fee eligible assets

| in CHF bn                              | 31.12.12    | 30.06.13    | 31.12.13    | 30.06.14    | 31.12.14    | 30.06.15    | 31.12.15    | 30.06.16    |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Unconstrained fixed income             | 13.0        | 16.0        | 14.1        | 14.1        | 12.4        | 10.6        | 8.7         | 6.7         |
| Global macro / managed futures         | 2.0         | 3.4         | 2.7         | 2.8         | 3.0         | 3.4         | 3.9         | 3.2         |
| Non-directional equity                 | 1.4         | 2.0         | 2.7         | 3.6         | 3.8         | 4.1         | 5.7         | 5.1         |
| Other fixed income strategies          | 0.9         | 0.6         | 1.1         | 1.4         | 1.4         | 1.3         | 1.4         | 1.4         |
| Other                                  | 1.7         | 2.1         | 3.2         | 4.2         | 4.7         | 4.6         | 4.0         | 3.3         |
| <b>Performance fee eligible assets</b> | <b>19.0</b> | <b>24.1</b> | <b>23.8</b> | <b>26.1</b> | <b>25.3</b> | <b>24.0</b> | <b>23.7</b> | <b>19.7</b> |

## Net performance fees

| in CHF m                       | H1 2013     | H2 2013     | H1 2014     | H2 2014     | H1 2015     | H2 2015     | H1 2016    |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Unconstrained fixed income     | 16.8        | 0.5         | 26.9        | (0.1)       | 0.8         | -           | -          |
| Global macro / managed futures | 38.2        | 5.7         | (0.8)       | 11.8        | 26.0        | 4.7         | -          |
| Non-directional equity         | 10.2        | 21.6        | 4.5         | 11.8        | 10.7        | 32.9        | -          |
| Other fixed income strategies  | 2.3         | 0.9         | 2.9         | 5.9         | 5.8         | 0.7         | 1.0        |
| Other                          | 3.4         | 1.1         | 1.4         | 1.6         | 0.8         | 0.4         | 0.2        |
| <b>Net performance fees</b>    | <b>70.9</b> | <b>29.8</b> | <b>34.9</b> | <b>31.0</b> | <b>44.1</b> | <b>38.7</b> | <b>1.2</b> |

# Performance Fee Eligible Assets Analysis as at 30 June 2016



|  | Unconstrained fixed income | Global macro / managed futures | Non-directional equity | Other fixed income   | Other                | Total |
|--|----------------------------|--------------------------------|------------------------|----------------------|----------------------|-------|
| Performance fee eligible assets (CHF bn)                                 | 6.7                        | 3.2                            | 5.1                    | 1.4                  | 3.3                  | 19.7  |
| Number of performance fee eligible funds (CHF bn)                        | 12                         | 12                             | 19                     | 15                   | 25                   | 83    |
| Net performance fees H1 2016 (CHF m)                                     | -                          | -                              | -                      | 1.0                  | 0.2                  | 1.2   |
| Number of funds generating performance fees in H1 2016                   | -                          | -                              | -                      | 8                    | 4                    | 12    |
| AuM on 30.06.2016 generating performance fees in H1 2016 (CHF bn)        | -                          | -                              | -                      | 1.9                  | 0.1                  | 2.0   |
| AuM with potential crystallisation in H2 2016 <sup>1</sup> (CHF bn)      | 1.1                        | 1.0                            | 1.8                    | 0.6                  | 1.0                  | 5.5   |
| AuM with potential crystallisation in H1 2017 <sup>1</sup> (CHF bn)      | 5.6                        | 2.2                            | 3.3                    | 0.8                  | 2.3                  | 14.2  |
| Number of funds with a potential crystallisation in H2 2016 <sup>2</sup> | 2                          | 11                             | 12                     | 7                    | 10                   | 42    |
| Number of funds with a potential crystallisation in H1 2017              | 10                         | 1                              | 7                      | 8                    | 15                   | 41    |
| AuM at or above high watermark / benchmark as of 30.06.16 (CHF bn)       | 0.6                        | -                              | -                      | 0.9                  | 2.3                  | 3.8   |
| AuM within 5% of high watermark / benchmark as of 30.06.16 (CHF bn)      | 2.8                        | 0.9                            | 0.3                    | 0.4                  | 0.4                  | 4.8   |
| Performance fee range  | 10-20%                     | 20%                            | 7-20%                  | 10-20%               | 5-10%                |       |
| Frequency  | annually                   | quarterly & annually           | quarterly & annually   | quarterly & annually | quarterly & annually |       |
| Methodology  | HWM & benchmark            | HWM & benchmark                | HWM & benchmark        | HWM & benchmark      | HWM & benchmark      |       |

<sup>1</sup> Including CHF 1.6bn AuM with quarterly crystallisation dates (31.03/30.06/30.09/31.12). These AuM are excluded from H1 2017.

<sup>2</sup> Including 9 funds with quarterly crystallisation dates.

# General Expenses



| in CHF m                                      | H1 2015     | H2 2015     | H1 2016     | Change<br>H1 2016 vs H1 2015 | Comments   |
|---|-------------|-------------|-------------|------------------------------|--|
| Occupancy expenses                            | 14.0        | 14.6        | 13.6        | (3%)                         |  |
| IT expenses                                   | 10.5        | 7.8         | 8.0         | (24%)                        | Lower consultancy and maintenance costs              |
| Communication and marketing expenses          | 14.1        | 15.3        | 14.3        | 1%                           |  |
| Professional services, other fees and charges | 7.2         | 7.2         | 6.8         | (6%)                         |  |
| Administration expenses                       | -           | -           | 1.7         | n/a                          | First-time inclusion of admin fees from State Street |
| Other general expenses                        | 6.8         | 7.4         | 6.2         | (9%)                         | One-time credit of CHF 0.8m                          |
| <b>General expenses</b>                       | <b>52.6</b> | <b>52.3</b> | <b>50.6</b> | <b>(4%)</b>                  |  |

# Operating Margin and Compensation Ratio



| in CHF m                        | H1 2014      | H2 2014      | H1 2015      | H2 2015      | H1 2016      |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| Net fee and commission income   | 302.2        | 306.6        | 301.8        | 298.8        | 232.8        |
| Net other income/(expenses)     | 5.2          | 9.5          | 1.8          | (1.1)        | 2.7          |
| <b>Income</b>                   | <b>307.4</b> | <b>316.1</b> | <b>303.6</b> | <b>297.7</b> | <b>235.5</b> |
| Personnel expenses              | 141.1        | 152.1        | 145.2        | 144.8        | 125.1        |
| General expenses                | 49.7         | 56.1         | 52.6         | 52.3         | 50.6         |
| Depreciation and amortisation   | 3.5          | 4.3          | 4.3          | 4.3          | 4.8          |
| <b>Expenses</b>                 | <b>194.3</b> | <b>212.5</b> | <b>202.1</b> | <b>201.4</b> | <b>180.5</b> |
| Operating margin <sup>1</sup>   | 35.7%        | 30.7%        | 33.0%        | 32.6%        | 22.5%        |
| Compensation ratio <sup>2</sup> | 46.7%        | 49.6%        | 48.1%        | 48.5%        | 53.7%        |

<sup>1</sup> (Net fee and commission income – expenses) / Net fee and commission income.

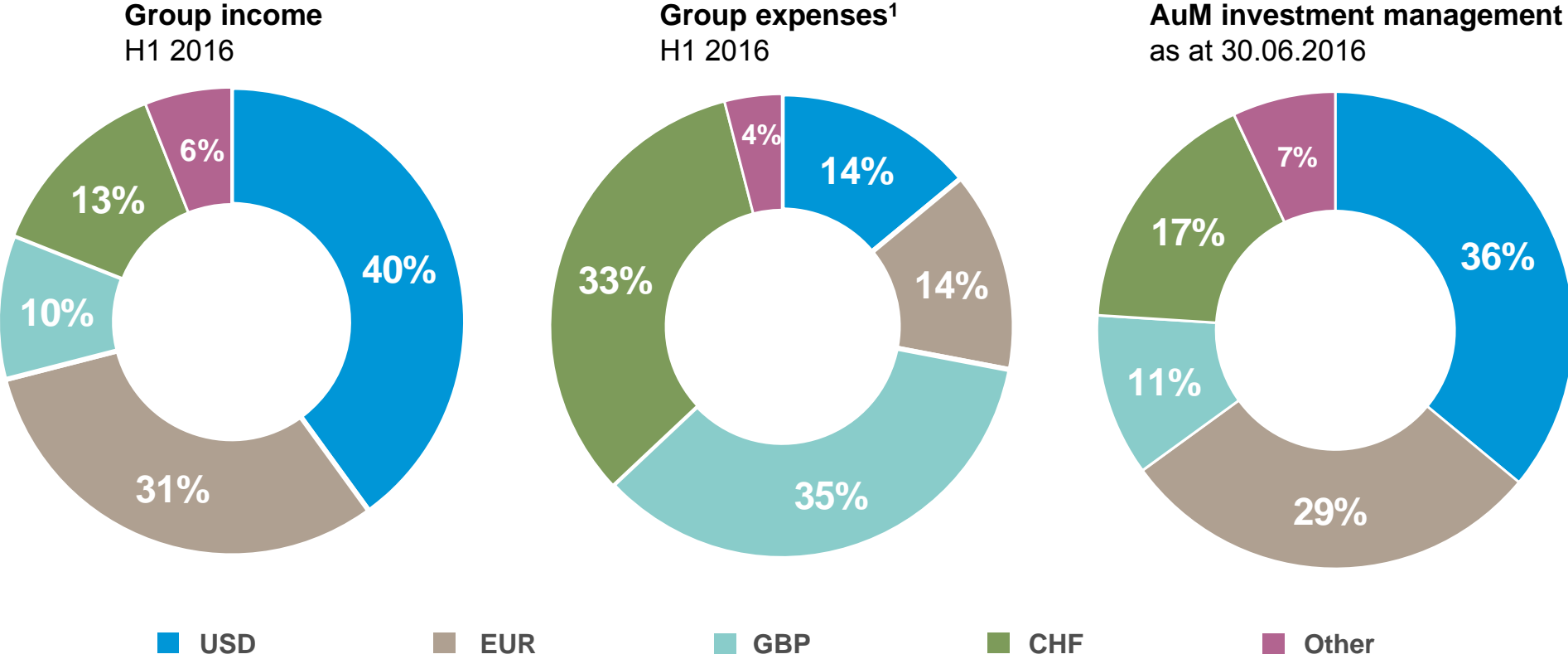
<sup>2</sup> Personnel expenses / Net fee and commission income.

# Basic and Diluted Underlying EPS



|  | H1 2014 | H2 2014 | H1 2015 | H2 2015 | H1 2016 |
|--|---------|---------|---------|---------|---------|
| Weighted average number of shares outstanding for basic EPS ( <i>m</i> )   | 162.3   | 162.2   | 160.6   | 159.1   | 157.7   |
| Dilution driven by share-based compensation plans ( <i>m</i> )             | 1.4     | 0.9     | 1.2     | 0.8     | 0.1     |
| Weighted average number of shares outstanding for diluted EPS ( <i>m</i> ) | 163.7   | 163.1   | 161.8   | 159.9   | 157.8   |
| Underlying net profit ( <i>CHF m</i> )                                     | 93.1    | 84.1    | 81.2    | 77.2    | 42.2    |
| Basic underlying EPS ( <i>CHF</i> )  | 0.57    | 0.51    | 0.51    | 0.49    | 0.27    |
| Diluted underlying EPS ( <i>CHF</i> )                                      | 0.56    | 0.50    | 0.50    | 0.48    | 0.27    |

# Currency Split – Revenues, Expenses and AuM



<sup>1</sup> GBP expenses include contractual bonuses paid in GBP, which are based on revenues in various other currencies

# Group Balance Sheet



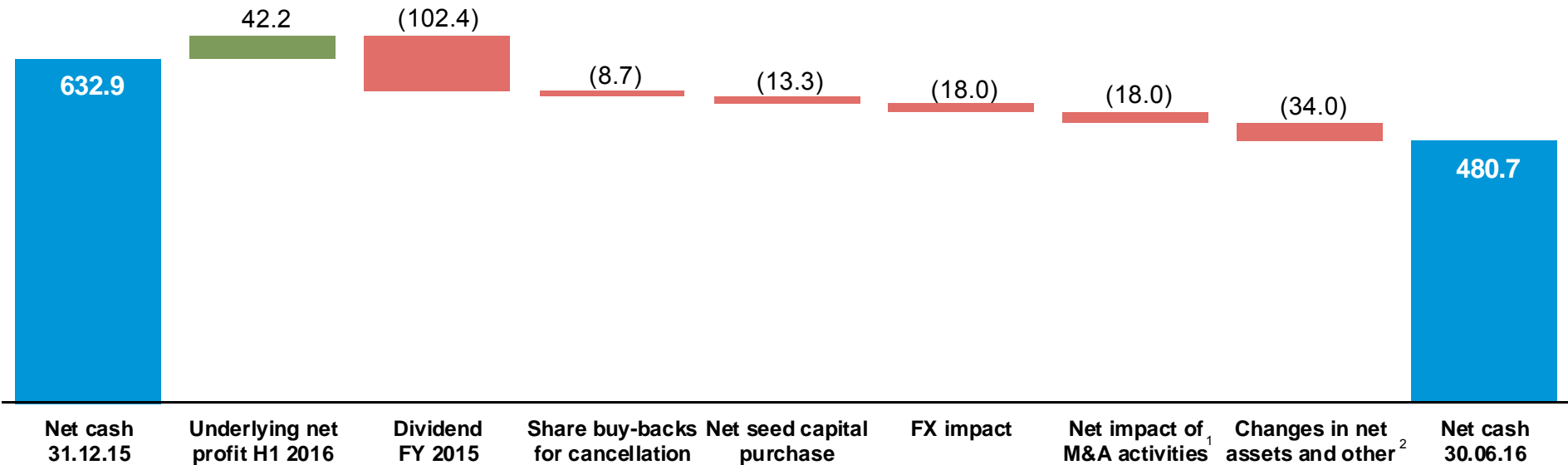
| in CHF m                             | 30.06.15     | 31.12.15     | 30.06.16     |
|--------------------------------------|--------------|--------------|--------------|
| Cash and cash equivalents            | 504          | 633          | 481          |
| Seed capital investments             | 101          | 67           | 73           |
| Other assets                         | 275          | 208          | 197          |
| Goodwill and other intangible assets | 1,373        | 1,389        | 1,389        |
| <b>Assets</b>                        | <b>2,253</b> | <b>2,297</b> | <b>2,140</b> |
| Current liabilities                  | 287          | 297          | 221          |
| Non-current liabilities              | 123          | 124          | 146          |
| Equity                               | 1,843        | 1,876        | 1,773        |
| <b>Liabilities &amp; equity</b>      | <b>2,253</b> | <b>2,297</b> | <b>2,140</b> |
| <b>Tangible equity</b>               | <b>470</b>   | <b>487</b>   | <b>384</b>   |



# Net Cash



in CHF m



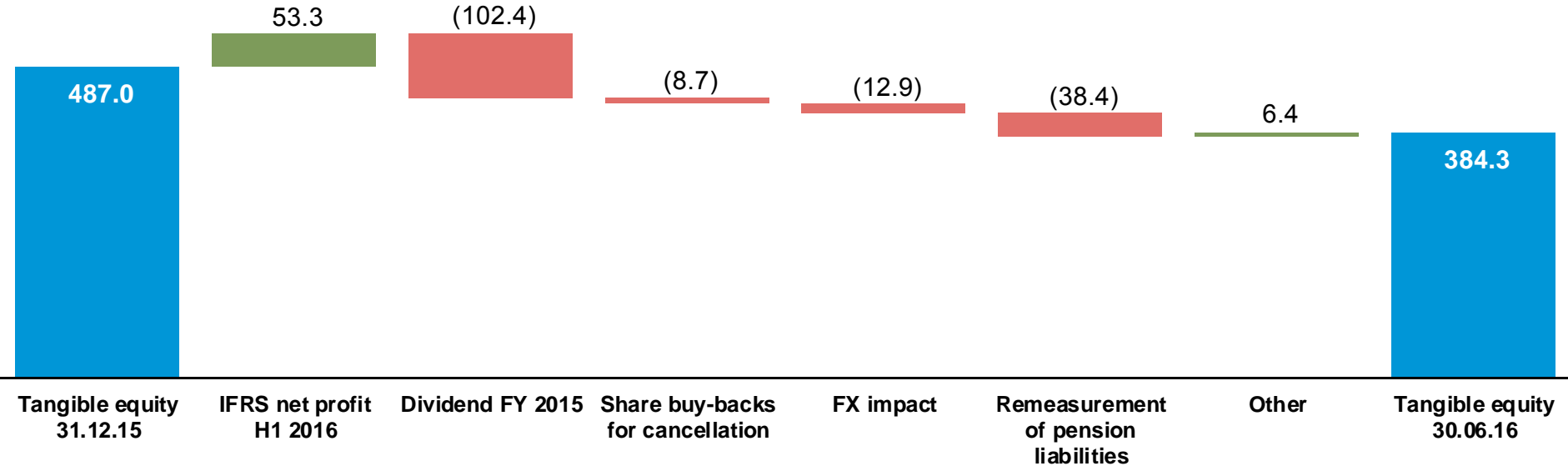
<sup>1</sup> Second deferred consideration payments relating to the acquisition of Arkos (now GAM Lugano) and Singleterry Mansley.

<sup>2</sup> Includes the impact of FY15 bonuses paid in H1 2016.

# Tangible Equity



in CHF m



# AuM Development by Capability



## Investment management

in CHF bn

| Capability      | AuM<br>31.12.15 | Net<br>flows | Market<br>& FX | AuM<br>31.03.16 | Net<br>flows | Market<br>& FX | Transfer | AuM<br>30.06.16 |
|-----------------|-----------------|--------------|----------------|-----------------|--------------|----------------|----------|-----------------|
| Absolute return | 23.1            | (1.5)        | (0.7)          | 20.9            | (1.1)        | (0.2)          | (0.4)    | 19.2            |
| Fixed income    | 18.6            | (0.4)        | 0.1            | 18.3            | 0.2          | 0.4            | 0.4      | 19.3            |
| Equity          | 13.4            | (0.8)        | (1.0)          | 11.6            | (0.8)        | (0.1)          | -        | 10.7            |
| Alternatives    | 5.3             | (0.1)        | 0.1            | 5.3             | (0.1)        | 0.4            | -        | 5.6             |
| Multi asset     | 11.9            | (0.3)        | (0.4)          | 11.2            | (0.7)        | 0.2            | -        | 10.7            |
| <b>Total</b>    | <b>72.3</b>     | <b>(3.1)</b> | <b>(1.9)</b>   | <b>67.3</b>     | <b>(2.5)</b> | <b>0.7</b>     | <b>-</b> | <b>65.5</b>     |

# AuM and Net Flows by Capability



## Investment management AuM by capability

| in CHF bn       | 31.12.14    | 30.06.15    | 31.12.15    | 30.06.16    |
|-----------------|-------------|-------------|-------------|-------------|
| Absolute return | 22.2        | 21.5        | 23.1        | 19.2        |
| Fixed income    | 19.5        | 19.0        | 18.6        | 19.3        |
| Equity          | 13.8        | 13.9        | 13.4        | 10.7        |
| Alternatives    | 7.7         | 6.9         | 5.3         | 5.6         |
| Multi asset     | 12.9        | 12.2        | 11.9        | 10.7        |
| <b>Total</b>    | <b>76.1</b> | <b>73.5</b> | <b>72.3</b> | <b>65.5</b> |

## Investment management net flows by capability

| in CHF bn       | H1 2015    | H2 2015      | H1 2016      |
|-----------------|------------|--------------|--------------|
| Absolute return | 1.1        | 1.0          | (2.6)        |
| Fixed income    | 1.0        | (0.6)        | (0.2)        |
| Equity          | (0.2)      | (0.3)        | (1.6)        |
| Alternatives    | (0.2)      | (1.4)        | (0.2)        |
| Multi asset     | 0.3        | (0.4)        | (1.0)        |
| <b>Total</b>    | <b>2.0</b> | <b>(1.7)</b> | <b>(5.6)</b> |

# AuM and Net Flows by Client Segment



## Investment management AuM by client segment

| in CHF bn             | 31.12.14    | 30.06.15    | 31.12.15    | 30.06.16    |
|-----------------------|-------------|-------------|-------------|-------------|
| Intermediaries        | 32.8        | 31.6        | 31.4        | 27.2        |
| Institutional clients | 34.3        | 33.8        | 33.7        | 32.0        |
| Private clients       | 9.0         | 8.1         | 7.2         | 6.3         |
| <b>Total</b>          | <b>76.1</b> | <b>73.5</b> | <b>72.3</b> | <b>65.5</b> |

## Investment management net flows by client segment

| in CHF bn             | H1 2015    | H2 2015      | H1 2016      |
|-----------------------|------------|--------------|--------------|
| Intermediaries        | 0.6        | (0.5)        | (3.3)        |
| Institutional clients | 1.9        | (0.6)        | (1.5)        |
| Private clients       | (0.5)      | (0.6)        | (0.8)        |
| <b>Total</b>          | <b>2.0</b> | <b>(1.7)</b> | <b>(5.6)</b> |

# AuM by Product Type



## Investment management AuM by product type

| in CHF bn           | 31.12.13    | 31.12.14    | 31.12.15    | 30.06.16    |
|---------------------|-------------|-------------|-------------|-------------|
| Luxembourg SICAVs   | 30.7        | 30.6        | 28.1        | 24.6        |
| Segregated accounts | 16.5        | 18.2        | 17.4        | 15.6        |
| Ireland UCITS       | 11.1        | 14.4        | 15.7        | 14.7        |
| Offshore            | 7.1         | 8.3         | 7.4         | 6.4         |
| Swiss funds         | 3.0         | 2.7         | 2.0         | 2.6         |
| OEICs / unit trusts | 1.4         | 1.9         | 1.5         | 1.4         |
| LPs & LLCs          | -           | -           | 0.2         | 0.2         |
| <b>Total</b>        | <b>69.8</b> | <b>76.1</b> | <b>72.3</b> | <b>65.5</b> |

# Private Labelling AuM Breakdowns



## By fund domicile

| in CHF bn      | 31.12.14    | 30.06.15    | 31.12.15    | 30.06.16    |
|----------------|-------------|-------------|-------------|-------------|
| Switzerland    | 35.4        | 37.9        | 31.4        | 31.7        |
| Rest of Europe | 9.0         | 10.6        | 15.3        | 16.3        |
| Cayman         | 2.7         | 2.2         | -           | -           |
| <b>Total</b>   | <b>47.1</b> | <b>50.7</b> | <b>46.7</b> | <b>48.0</b> |

## By asset class

| in CHF bn    | 31.12.14    | 30.06.15    | 31.12.15    | 30.06.16    |
|--------------|-------------|-------------|-------------|-------------|
| Equity       | 20.4        | 22.3        | 20.5        | 21.1        |
| Fixed income | 20.4        | 21.8        | 19.3        | 19.8        |
| Alternative  | 3.3         | 3.7         | 4.4         | 4.7         |
| Money market | 3.0         | 2.9         | 2.5         | 2.4         |
| <b>Total</b> | <b>47.1</b> | <b>50.7</b> | <b>46.7</b> | <b>48.0</b> |

# Peer Group Constituents ARBF/LEBF

Reference to slides 9 and 10 of this presentation

## Absolute Return Bond fund

**Peer group constituents:** Amundi Abs Gbl Macro 2; Amundi Abs Gbl Macro 4; Aviva Absolute Bond\*; CS FI Cycle Invest\*; CS Target Return\*; Deka-Euro Renten AR; DWS Income Strategy Plus\*; DWS Income Strategy Systematic; Fortis AR Bond Euro Plus\*; Fortis AR V300\*; Goldman Sachs Strat AR Bond; Henderson AR Fixed Inc\*; Invesco AR Bond; JPM Gbl AR Bond; JPM RV 2\*; JPM Global AR Bond; LO AR Bond\*; LO Total Rtn Bond; MFS AR Bond; Morgan Stanley Euro TR Bond\*; Parvest AR Europe Bond\*; PIMCO GIS Euro ST; PIMCO GIS Unconstr Bond; Pioneer AR Bond; Robeco Flex-O-Rente; Schroder ISF AR Bond\*; Swisscanto Gbl AR; Threadneedle Target Rtn; UBAM AR Bond\*; UBS AR Bond\*; UBS Global Opps Bond; UniEuroRenta AR\*; Vontobel AR Bond.

## Local Emerging Bond fund

**Peer group constituents:** Aberdeen EM LC Bonds; AllianceBernstein EM LC Debt; Amundi Bond Global EM; Ashmore SICAV LC; Aviva EM LC Bonds; AXA WF EM LC Bonds; Baring EMD LC; BGF EM LC Bonds; BlueBay EM LC Bonds; BNY Mellon EMD LC Bonds; Capital International EM LC Debt; CS Global EM Local Bonds\*; CS I EM LC Bond Aberdeen\*; DWS Invest Emerging Yield Plus\*; Fidelity EM LC Debt; Goldman Sachs Growth & EMD Local Pf; HSBC GIF Global EM Local Debt; ING Renta EMD LC; Invesco EM LC Debt; Investec GSF EM LC Debt; JPM EM LC Debt; LO EM LC Bond; MFS Meridian EMD LC; Morgan Stanley EM Dom Debt; Neuberger Berman EMD LC; Nordea 1 EM Local Debt; Old Mutual LC EMD; PARVEST Bond World EM Local; Pictet EM LC Debt; PIMCO GIS EM Local Bonds; PIMCO GIS EM Ccy; Pinebridge Global EM LC Bonds; Pioneer EM Bond LC; Schroder EM LC Bond; Threadneedle EM Local; TCW EM LC Income; UBAM LC EM Bond; UBS EM Economies LC; Vontobel EM Bond; Wellington EM Local Debt; World Express Funds II LC EM.

Note: \* fund closed/merged.



# Corporate Calendar and Contacts



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## Forthcoming events

|                   |                                      |
|-------------------|--------------------------------------|
| <b>20.10.2016</b> | Interim management statement Q3 2016 |
| <b>02.03.2017</b> | Full-year results 2016               |
| <b>26.04.2017</b> | Interim management statement Q1 2017 |
| <b>27.04.2017</b> | Annual General Meeting 2017          |

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These forward-looking statements are subject to risks, uncertainties, assumptions and other factors that could cause the Company's actual results of operations, financial condition, liquidity, performance, prospects or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to: changing business or other market conditions, legislative, fiscal and regulatory developments, general economic conditions, and the Company's ability to respond to trends in the financial services industry. Additional factors could cause actual results, performance or achievements to differ materially. The Company expressly disclaims any obligation or undertaking to release any update of, or revisions to, any forward-looking statements in this presentation and any change in the Company's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable law or regulation.