HALF-YEAR 2017 REPORT

Following GAM's announcement on 30 January 2020 regarding the Sanctions Commission of SIX Exchange Regulation AG decision, GAM has restated, where required, the comparative amounts relating to prior periods in its 2019 consolidated financial statements. The restatement relates to the recognition of a financial liability for future performance fees payable to the former partners of Cantab, a business acquired by GAM in 2016. Please refer to note 28.1 of the 2019 annual report and the five-year financial summary on page 192, which reflects the restatement of historical amounts since 2016.

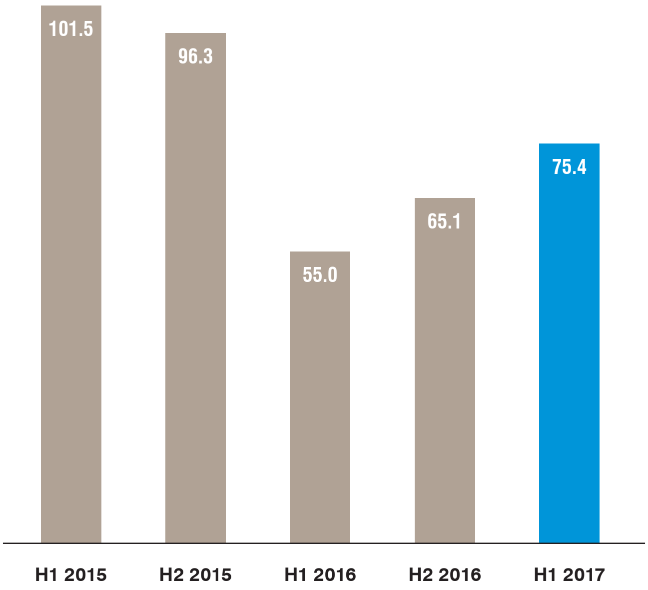
GAM Advancing potential

CONTENTS

KEY FIGURES

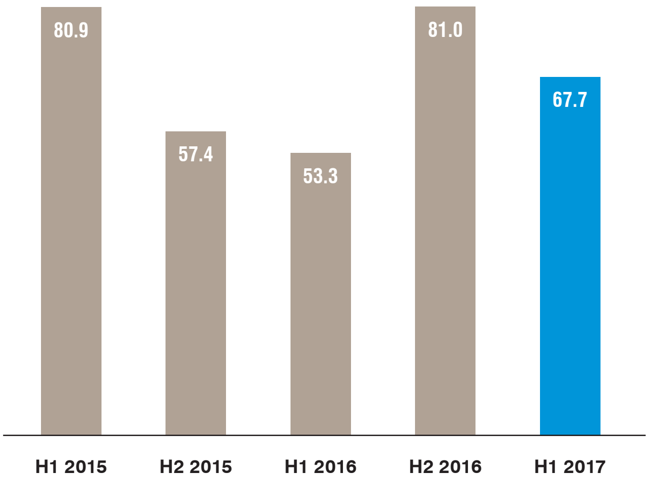
Underlying profit before taxes (CHF m)

CHF 75.4 m



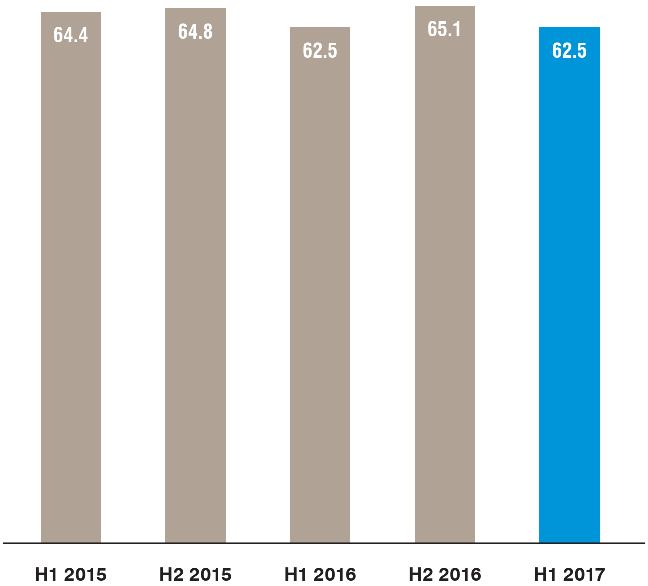
IFRS net profit (CHF m)

CHF 67.7 m



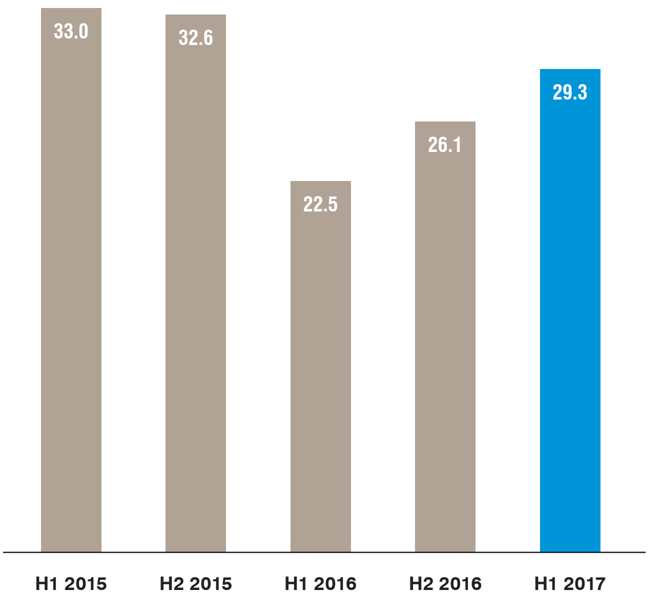
Management fee margin – investment management (bps)

62.5 bps



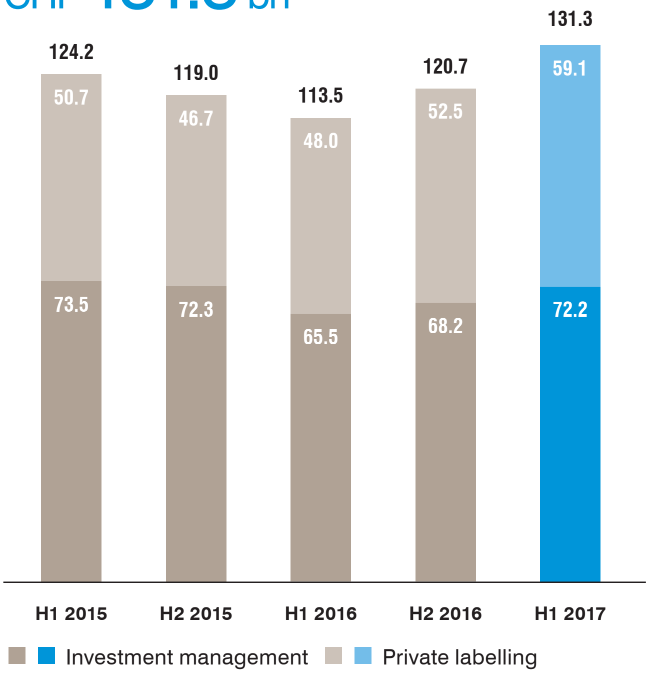
Operating margin (%)

29.3 %



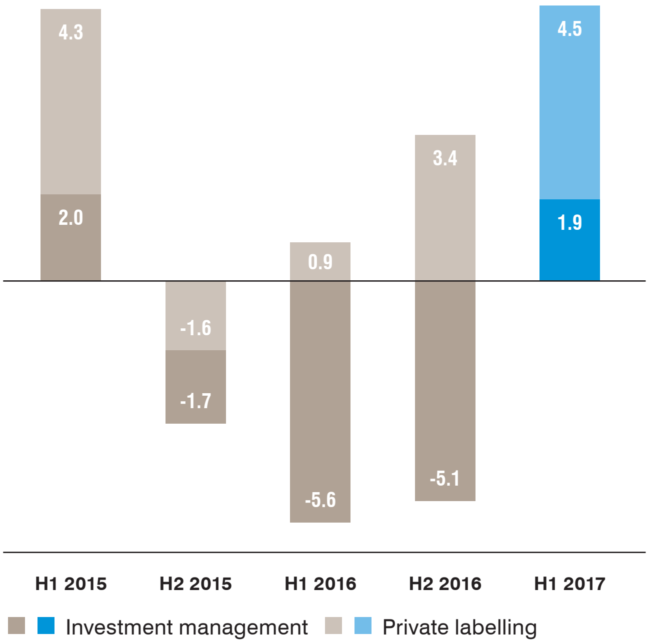
Assets under management (CHF bn)

CHF 131.3 bn



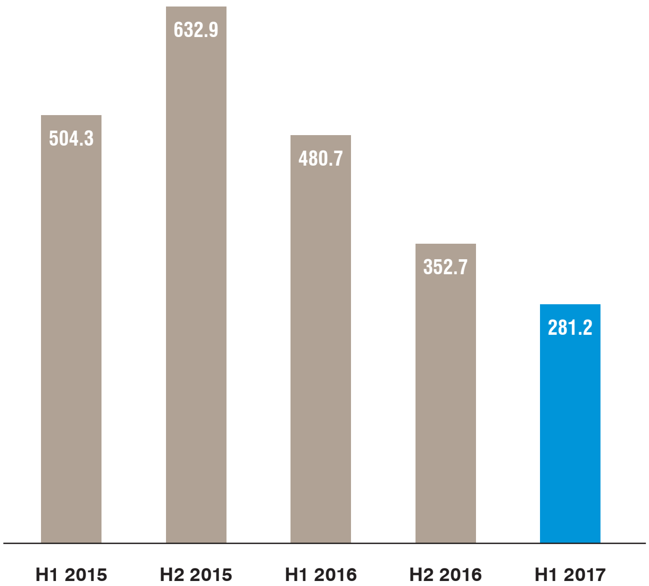
Net flows (CHF bn)

CHF 6.4 bn



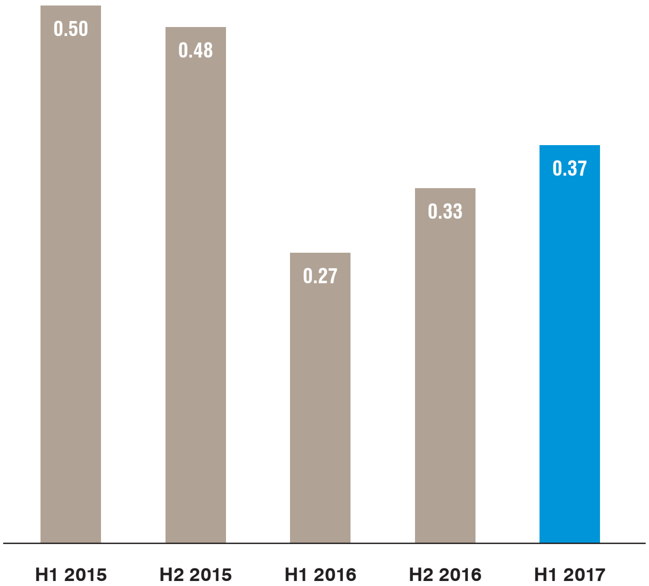
Net cash (CHF m)

CHF 281.2 m

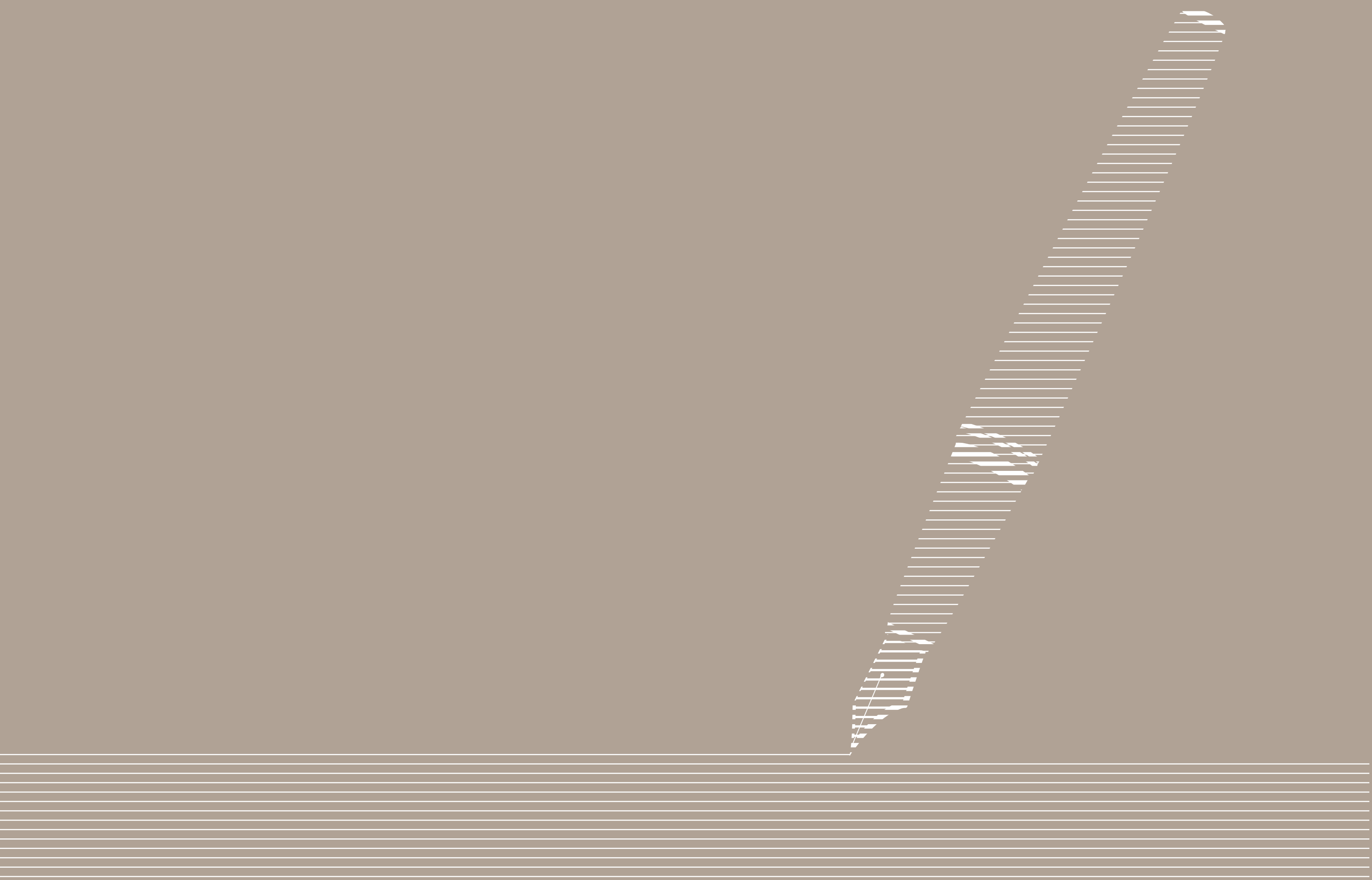


Diluted underlying EPS (CHF)

CHF 0.37



CHAIRMAN CEO LETTER



Dear Reader

Two years ago we started to transform GAM into a company with a more efficient operating model, a more focused and balanced product shelf, strengthened distribution and powerful brand recognition. The market environment and asset management industry dynamics have not made this an easy journey, but today we are well underway in positioning GAM for long-term growth.

Throughout this period we stayed focused on diligent implementation of our strategy – matters we can control – while adapting to the changing and challenging market environment. We made tangible progress on all our strategic initiatives, and this is beginning to show in our financial results.

Our net inflows were strong in the first half of this year, the investment performance of the majority of our assets under management was excellent, a number of our key investment strategies delivered good performance fees, and our profitability improved substantially compared with the first half of 2016. We achieved this by focusing on four priorities that form the basis of our strategy: delivering superior investment performance, ensuring we have a differentiated product shelf, strengthening our distribution globally and making GAM as efficient as it can be.

As we continue to transform GAM, it is worth examining the progress we made in the first half of 2017 and our plans for the future.

Our focus on investment performance is paying off, with most of our investment strategies delivering stronger performance in 2017. We continue to improve internal processes and support functions to optimally assist investment managers. We are introducing a number of changes to build a truly unified equities business that can deliver growth under the leadership of Matthew Beesley, who joined GAM in March 2017 in the new head of equities role. Each investment team continues to have investment autonomy to meet its clients' needs. At the same time, the teams will leverage a common infrastructure and share internally generated research and insights more efficiently, all to support the generation of superior investment performance.

We continue to develop innovative products and tailor our existing offering regionally to meet our clients' needs, while refining our product range by closing or merging sub-optimal funds. In the first half of 2017, we launched three existing strategies in the form of UK Open Ended Investment Companies in response to demand from financial intermediaries and advisers. We also launched an Australian-domiciled fund for GAM Systematic Alternative Risk Premia for the Australian superannuation sector. We further simplified our product range to focus on our most promising and scalable strategies, and we merged or closed six funds in addition to 66 funds in the previous two years, with a de minimis loss of assets under management.

We have made good progress in upgrading our distribution capabilities under the leadership of Tim Rainsford, who joined GAM as group head of sales and distribution on 1 January 2017. This includes the creation of a new team to cover global consultants, new sales leadership in the UK and in Asia Pacific, and a new head of institutional sales for the Middle East. We expanded our distribution presence in continental Europe to gain better traction with clients by opening offices in Vienna and Paris. In addition, we hired a new global head of marketing, who started in July.

Our multi-year change programme to deliver significant operating efficiencies is progressing well. We are implementing a variety of projects, including single data architecture, cloud-based IT infrastructure, simplification of our systems, processes and reporting, outsourcing of back and middle office activities, creation of centres of excellence, premises simplification and legal entity rationalisation. Cost discipline remains a key priority as we realise efficiencies in a controlled and appropriately sequenced manner, while meeting clients' needs and regulatory obligations. We are on track to deliver annual cost savings of at least CHF 30 million by 2019 compared with 2016, excluding the impact from previous acquisitions.

H1 2017 results

Strong performance of our investment strategies and our enhanced sales capabilities translated into improved flows in the first half of this year. Our investment management business reported net inflows of CHF 1.9 billion, which represents an annualised rate of 5.6%. Positive investment performance was only partly offset by the negative impact from foreign exchange movements, further boosting our assets under management by a net CHF 2.1 billion. As a result, investment management assets rose to CHF 72.2 billion at the end of June 2017 from CHF 68.2 billion at the end of 2016. Our private labelling business, which celebrated its 25th anniversary in July 2017, continued to attract strong inflows, amounting to CHF 4.5 billion in the first half of this year. Private labelling assets rose to CHF 59.1 billion from CHF 52.5 billion as a result of inflows and a net positive impact from market and foreign exchange movements. **Group assets under management rose 9% to CHF 131.3 billion** from CHF 120.7 billion.

Net management fees and commissions rose 3% from the first half of 2016 to CHF 238.4 million. This was driven by higher average assets under management, while the management fee margin was unchanged in investment management and slightly decreased in private labelling. Performance fees rose to CHF 19.3 million from CHF 1.2 million in the first half of 2016, with the unconstrained/absolute return bond strategy and other fixed-income products contributing the majority of these fees.

“We are well underway in positioning GAM for long-term growth.”

We have managed costs tightly, and total expenses increased only 1%, despite the inclusion of previous acquisitions. Personnel expenses of CHF 125.7 million were largely flat compared with the first half of 2016. General expenses were 5% higher at CHF 53.2 million as fees paid to State Street for the outsourced back and middle office services, which were recognised for the first time in March 2016, were included for the entire period.

Our underlying pre-tax profit rose 37% to CHF 75.4 million and our operating margin improved to 29.3% from 22.5%. The compensation ratio, which tracks our ability to manage our largest expense category (personnel expenses) in line with net fee and commission income, decreased to 48.8% from 53.7%.

Diluted underlying earnings per share rose 37% to CHF 0.37 from CHF 0.27 as a result of a 39% increase in the underlying net profit.

Under IFRS, our net profit rose 27% to CHF 67.7 million. The IFRS figure includes two items that are not reflected in the underlying results: non-recurring items that resulted in a net loss of CHF 7.3 million and acquisition-related items that resulted in a net gain of CHF 16.3 million. The former include the impairment of investment management and client contracts, reorganisation charges, and deal and integration costs related to the acquisitions completed in the second half of 2016. Acquisition-related items include a reduction in our estimate of the deferred consideration liability for the acquisitions of Arkos (now GAM Lugano), THS and Cantab, partly offset by the amortisation of investment management and client contracts from businesses we acquired and finance charges on the deferred consideration liabilities.

Summary and outlook

Our financial results are beginning to reflect all our work to implement a turnaround at GAM. The steps we have taken over the past two years are showing tangible results, and the outlook gives us confidence in the future performance of the business.

Improved investment performance in most of our funds and strengthened distribution capabilities should help drive future flows. Furthermore, as a specialist active investment solutions provider, we are well positioned to benefit from the fundamental changes in the asset management industry.

The market environment in 2017, supported by improving economic activity, has been positive for risk assets. While equity market returns in the first half met or even exceeded what many analysts considered likely for the full year, the fundamental backdrop remains constructive, particularly favouring stocks in Europe, Japan and emerging markets. Traditional fixed income allocations are underperforming corporate credit, emerging market debt and mortgage-backed securities as monetary policy in the US and Europe starts to normalise. Overall, the market is experiencing increased dispersion between asset classes, and fundamentals matter more than they have done in a long time – these dynamics should benefit our company.

“The steps we have taken over the past two years are showing tangible results, and the outlook gives us confidence in the future performance of the business.”

We have a strong organic pipeline of new specialist products that will be launched in the second half of this year, spanning equity income, insurance-linked securities and a number of systematic strategies. Our focus on disciplined execution of our growth strategy and cost control is unrelenting. We are committed to increasing diluted underlying earnings per share in excess of 10% on an annualised basis and achieving an operating margin of 35–40%, both over the five- to eight-year business cycle.

Finally, as communicated in April 2017, the Board of Directors is conducting a comprehensive review of the Group’s compensation structures and policies, in consultation with our shareholders. We are fully committed to ensuring alignment of remuneration with the long-term success of the business.

We would like to thank our employees, clients and shareholders for their support and loyalty.

With best regards,

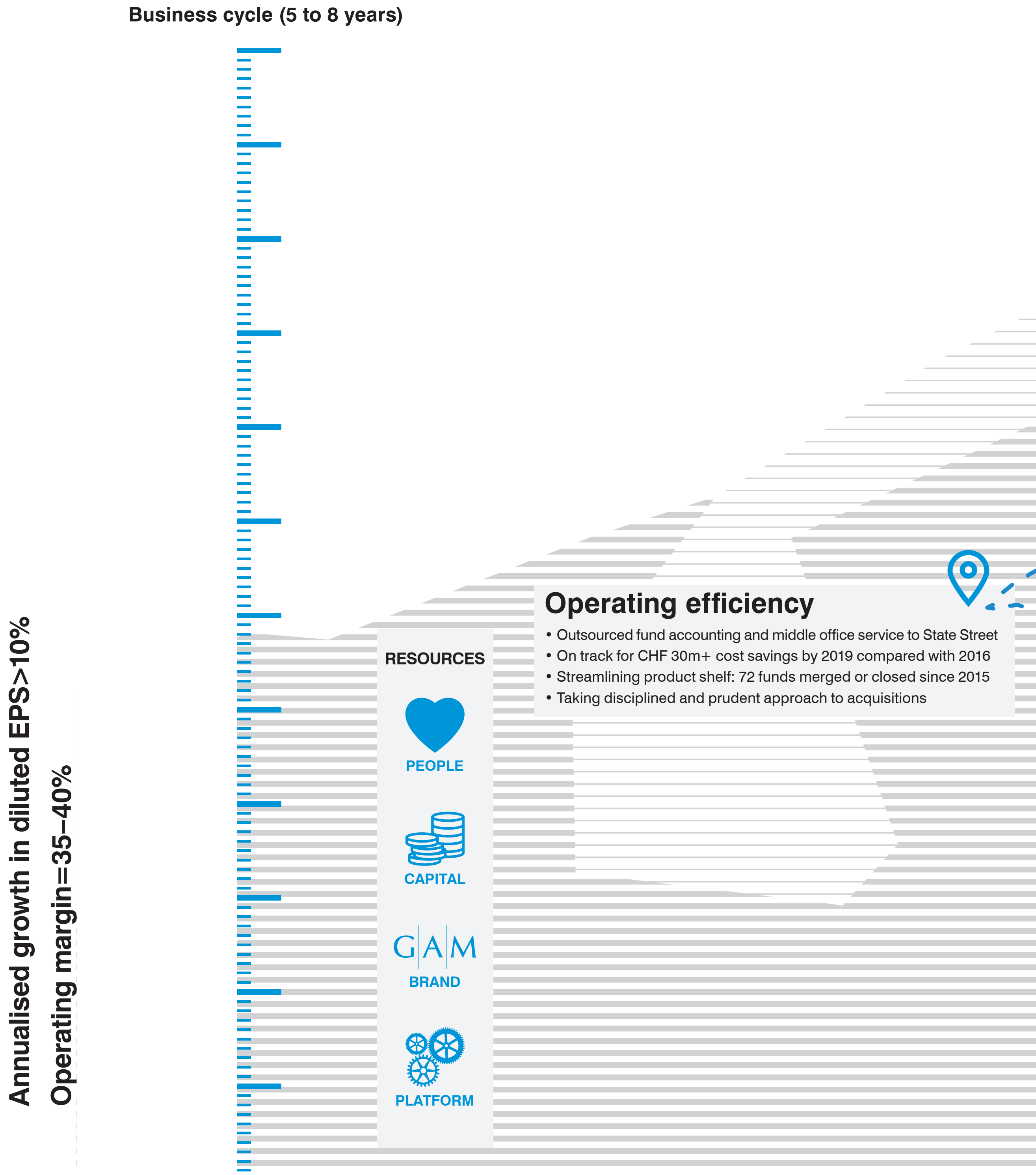
Hugh Scott-Barrett
Chairman

Alexander S. Friedman
Group Chief Executive Officer

Zurich, 3 August 2017

THE BUSINESS REVIEW

DIVERSIFIED ACTIVE INVESTMENT FIRM, CLIENT-CENTRIC AND GLOBAL



Upcoming priorities

- Continue to improve investment performance
- Further broaden differentiated product offering
- Strengthen quality of global distribution and marketing
- Ensure the company is as efficient as it can be

Growth and diversification

- Entered private market strategies: real estate debt and trade finance investments
- Launched GAM Systematic and two new funds following Cantab acquisition
- Launched a merger arbitrage strategy
- Launched two multi asset target return strategies
- Strong organic pipeline of new product launches
- Responsible investment framework rolled out

Repositioning GAM

- Brand architecture simplified
- GAM brand redesigned
- Former Julius Baer funds rebranded
- Increased external recognition for thought leadership
- Senior leadership strengthened

Strategic initiatives

- Repositioning GAM
- Operating efficiency
- Growth and diversification

Advancing the potential of clients' capital

OUR STRATEGY

Our mission

Our job is to help clients achieve their investment goals by putting their capital to work. We share insights, act with integrity and execute with purpose to make the right investment decisions for our clients. We consider our mission to advance the potential of capital.

Our strategy

We are an independent global asset management firm built by investors, for investors. With a 30+ year heritage, we invest our clients' capital using truly active strategies across discretionary, systematic and specialist solutions.

Our strategic priorities are superior client investment returns, a differentiated product offering, global distribution strength and operating efficiency. We execute these priorities with a high-performance culture motivated by sustainable growth for all stakeholders. We create shareholder value through long-term earnings growth and predictable capital returns.

We seek superior client investment returns from active, high-conviction strategies managed by independent and talented teams. We value original thinking, integrity, swift decision making and a disciplined approach to investing. We have no 'house view' to constrain investment decisions. We measure success over the medium to long term against our clients' expectations and appropriate benchmarks or peers.

We develop innovative, differentiated and scalable products relevant to investors worldwide. These hard-to-commoditise products span diversified liquid and illiquid asset classes. We focus on core markets and tailor our fund development by geography, client segment and distribution expertise. We continually manage our product shelf by adding capabilities with growth potential and consolidating products where appropriate.

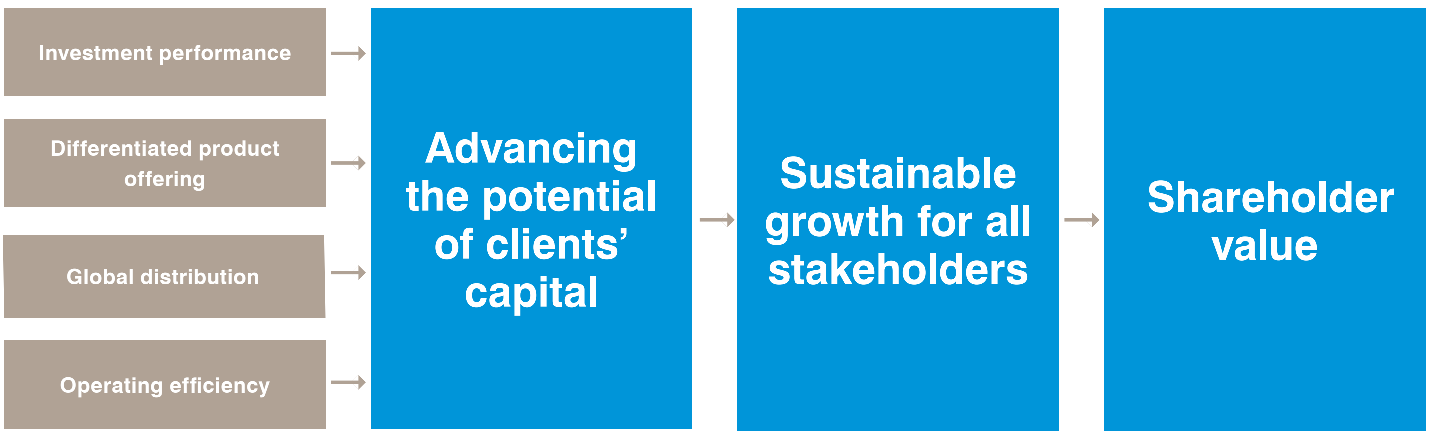
We distribute our products globally, with offices in 13 countries, to generate new asset flows. We are client-focused and support institutional, intermediary and private clients with relationship managers, product specialists, marketing teams and client-servicing professionals.

We match our distribution strength to core geographies, products and growth opportunities. With our simplified brand structure we can now invest in the strong and credible GAM brand, recognised worldwide for investment excellence, innovation and insight.

We continually seek efficiencies through tight cost control and appropriate investment in our operating platform. We have a highly aligned and stable business model able to support growth with limited incremental resources. Over a business cycle we target an operating margin of 35–40% based upon platform leverage, cost discipline and operating efficiencies. We see substantial benefits in continued efforts to simplify, consolidate and streamline our administrative processes, servicing and IT functions.

Over the business cycle of five to eight years, we target annualised growth in diluted underlying earnings per share in excess of 10%. We maintain a policy of sustainable and predictable capital returns to shareholders, primarily through dividend payments and at times through share buy-backs, in line with earnings growth and availability of excess capital.

Our business model



Our initiatives and priorities

Investment performance

Investment performance improved in 2017 in most of our investment strategies. Our specialist fixed income and absolute return capabilities have done particularly well. In equities, we hired Matthew Beesley, former head of global equities at Henderson, to a new role as head of equities to work together with the various equity teams to optimise performance and risk management and to ensure strong links with the distribution teams. He joined GAM in March 2017. We are introducing a number of changes to build a truly unified equities business that can deliver significant growth. Each investment team continues to have investment autonomy to meet its clients' needs. At the same time, the teams will leverage a common infrastructure and share internally generated research and insights more efficiently, all to support the generation of superior investment performance.

Differentiated product offering

We continue to develop innovative products to meet our clients' needs and have a strong organic pipeline. We plan to launch a variety of new strategies in the near term: an equity income fund, an equity fund focused on Europe, Australasia and Far East (EAFE), an insurance-linked securities product and a number of systematic strategies.

We are also tailoring our product offering regionally. We recently launched three existing strategies in the form of UK Open Ended Investment Companies in response to demand from financial intermediaries and advisers, and an Australian-domiciled fund for GAM Systematic Alternative Risk Premia for the Australian superannuation sector.

We continue to simplify our product range to concentrate on the most promising and scalable strategies. In the first half of 2017, we merged or closed six funds in addition to 66 funds in the previous two years, with a de minimis loss of assets under management.

Global distribution

In January 2017, Tim Rainsford joined from Man Group as group head of sales and distribution. Since then, we have made significant progress in upgrading our distribution capabilities in each of our core markets. This includes the creation of a new team to cover global consultants, new sales leadership in the UK and in Asia Pacific, and a new head of institutional sales for the Middle East. We expanded our distribution presence in continental Europe to gain better traction in core client segments and opened offices in Vienna and Paris. In addition, we hired a new global head of marketing.

We achieved the final step to reduce brand complexity through an agreement with Julius Baer to terminate our licence to use the Julius Baer trademarks. The funds formerly bearing the trademarks were successfully rebranded in early July 2017, while ensuring that our clients are fully aware that their portfolio managers, strategies and investment processes remain unchanged.

Operating efficiency

We are progressing well with our multi-year change programme to deliver significant operating efficiencies. This extensive change programme involves multiple projects, including the implementation of single data architecture, a move to cloud-based IT infrastructure, simplification of our systems, processes and reporting, outsourcing of back and middle office activities, creation of centres of excellence, premises simplification and legal entity rationalisation.

Cost discipline remains a key priority as we realise efficiencies in a controlled and appropriately sequenced manner, while meeting clients' needs and regulatory obligations. We are on track to reduce annual fixed personnel costs and general expenses by CHF 10 million in 2017 (net of investments) compared with 2016.[1] We expect to realise annual cost savings of at least CHF 30 million by 2019 compared with 2016.[1]

[1] These cost-saving targets exclude the impact from 2016 acquisitions.

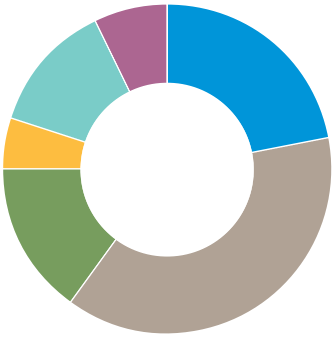
Rebranding of former Julius Baer funds completed

An agreement with Julius Baer, entered into at the date of our separation in 2009, granted us an exclusive, worldwide licence to use the Julius Baer name to brand certain funds we manage and distribute in exchange for a revenue-based licence fee. Since the independent listing, our company has undergone a fundamental transformation. Our external positioning and brand recognition improved substantially over the past years, as we focused on simplifying our brand architecture and strengthening our master brand – GAM. In March 2017, we announced an agreement with Julius Baer to terminate the licence.

As of July 2017, all former Julius Baer funds have been successfully rebranded to GAM. This improves transparency for clients, while the managers for the rebranded funds, their strategies and investment processes remain unchanged. The rebrand has been positively received by our clients, and we do not expect it to materially affect our flows. An overview of all GAM investment products can be viewed at https://www.gam.com/en/fundlist/.

BUSINESS AND RESULTS OVERVIEW

Investment management assets by capability



- 22% Absolute return
- 38% Fixed income
- 15% Equity
- 5% Systematic
- 13% Multi asset
- 7% Alternatives

Investment management snapshot

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

92%

of our net management fees and commissions are generated here

186

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

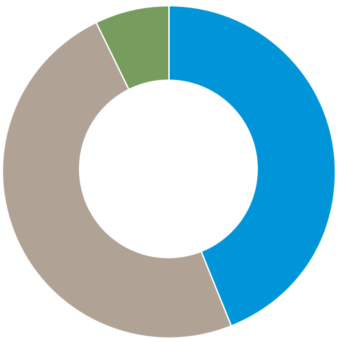
77

relationship managers serving our global client base, supported by 97 employees in marketing, sales support and product specialist roles

72%

of assets in funds outperformed their benchmark over five years

Investment management assets by client segment



- 44% Intermediaries
- 49% Institutional clients
- 7% Private clients

Private labelling snapshot

Tailored third-party fund solutions for banks, insurers, independent asset managers and institutional investors

8%

of our net management fees and commissions are generated here

13

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

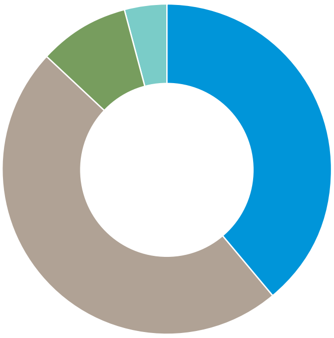
4

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

200+

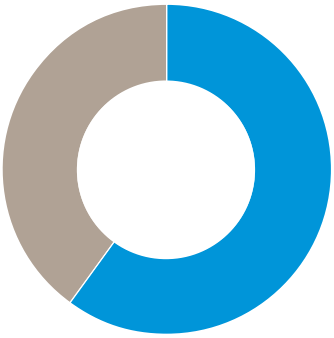
private label funds launched since 1992

Private labelling assets by asset class



- 39% Equity
- 48% Fixed income
- 9% Alternative
- 4% Money market

Private labelling assets by fund domicile



- 56% Switzerland
- 44% Rest of Europe

OUR BUSINESSES

Investment management

Global stock markets rose in the first quarter of 2017 amid improving economic data and expectations for fiscal stimulus and reflation of the US economy. Emerging market equities posted strong gains, benefiting from an upswing in global growth and a weaker US dollar. In fixed income markets, corporate credit outperformed government bonds as the US Federal Reserve continued to raise interest rates and the European Central Bank signalled less accommodative future monetary policy.

Strong corporate earnings and positive economic data continued to support global equity markets in the second quarter of 2017, with emerging markets outperforming developed markets. Government bond markets rallied from March to June before suffering another setback at the end of the second quarter on expectations for tightening monetary conditions. Corporate credit and emerging market bonds benefited from increased demand for risk assets.

Over the five-year period to 30 June 2017, 72% of our assets under management in funds outperformed their respective benchmark, compared with 68% that outperformed over five years to 31 December 2016. Over the three-year period to 30 June 2017, 71% of our assets under management in funds outperformed their respective benchmark, up from 60% that outperformed over three years to 31 December 2016.

Positive investment performance in the first half of 2017 was only partly offset by the negative impact from foreign exchange movements, boosting our assets under management by a net CHF 2.1 billion.

Strong investment performance and our improved sales capabilities also led to increasing flows through financial intermediaries, with clients adding net CHF 2.3 billion in the first half of 2017. Institutional clients added net CHF 0.3 billion in the period, while net outflows from private clients of CHF 0.7 billion largely reflect redemptions from our previous captive channels (UBS and Julius Baer).

Overall, net inflows in investment management totalled CHF 1.9 billion in the first half of 2017, compared with net outflows of CHF 5.6 billion in the first half of 2016 and outflows of CHF 5.1 billion in the second half of 2016.

The unconstrained/absolute return bond strategy experienced good inflows in the period, and the GAM Star (Lux) – Merger Arbitrage fund, which celebrated its one-year anniversary in July 2017, continued to attract investor demand. The GAM Absolute Return Europe Equity fund, which takes long and short positions in equities and equity-related securities of European companies, and the GAM Star Global Rates fund saw redemptions following a period of weaker performance in 2016. Overall, investors withdrew net CHF 0.6 billion from our absolute return strategies.

In fixed income, net inflows totalled CHF 6.0 billion in the first half of 2017. Our GAM Star Credit Opportunities strategy, which predominantly invests in investment grade debt or high quality issuers, the GAM Local Emerging Bond fund, which invests in debt of emerging countries denominated or pegged to the respective local currency, as well as GAM Star MBS Total Return fund all attracted strong inflows.

In equity, net outflows of CHF 2.2 billion reflected redemptions from global equity mandates and a number of regional strategies, while the GAM Star Continental European Equity fund continued to attract solid net inflows.

Investment management assets (CHF bn)

Capability	Opening AuM 1 Jan 2017	Net flows H1 2017	Market/FX H1 2017	Closing AuM 30 Jun 2017
Absolute return	16.3	(0.6)	0.4	16.1
Fixed income	20.8	6.0	0.6	27.4
Equity	12.5	(2.2)	0.7	11.0
Systematic	3.8	(0.1)	-	3.7
Multi asset	9.6	(0.9)	0.4	9.1
Alternatives	5.2	(0.3)	-	4.9
Total	**68.2**	**1.9**	**2.1**	**72.2**
Client segment				
Intermediaries	28.4	2.3	1.0	31.7
Institutional clients	34.0	0.3	1.1	35.4
Private clients	5.8	(0.7)	-	5.1
Total	**68.2**	**1.9**	**2.1**	**72.2**

In systematic strategies, net inflows into our alternative risk premia strategy were offset by some clients rebalancing away from systematic products, resulting in net outflows of CHF 0.1 billion.

Multi asset strategies experienced net outflows of CHF 0.9 billion for the period, reflecting redemptions in private client advisory stemming from our previous affiliation with UBS and Julius Baer as well as some institutional mandates.

Net outflows of CHF 0.3 billion in alternatives largely reflected redemptions in our fund of hedge funds business, while our commodity strategies recorded some modest inflows.

Private labelling

Assets under management in private labelling, which provides fund solutions for third parties, rose to CHF 59.1 billion as at 30 June 2017 from CHF 52.5 billion at the end of 2016. Net inflows amounted to CHF 4.5 billion, while market and foreign exchange movements added a net CHF 2.1 billion in assets.

Investment performance

	Investment performance[1]	
Capability	**3 years**	**5 years**
Absolute return	50–75%	75–100%
Fixed income	75–100%	75–100%
Equity	50–75%	25–50%
Systematic	75–100%	0–25% [2]
Alternatives[3]	0–25%	0–25%
Total	50–75%	50–75%

0–25% 25–50% 50–75% 75–100%

[1] % of AuM in funds outperforming their benchmark over relevant period (as at 30 June 2017).

[2] Includes performance of the CCP Quantitative Fund, which underperformed in 2013 during the equity market rally.

[3] Reflects performance of products in alternative investments solutions.

Spotlight on GAM Star MBS Total Return

Mortgage-backed securities (MBS) are instruments that are backed by a pool of mortgages, whereby the investor is entitled to the cash flows associated with those underlying mortgages. They have a low correlation with both equities and traditional bonds, while their low volatility profile and steady yield provide attractive returns over time. The MBS market took a hit during the global financial crisis as a result of poor lending standards and unrealistic credit ratings during the 2004-2007 US housing market bubble. Since then, it has undergone a radical reform and is increasingly gaining favour with investors looking for diversified fixed income returns.

Today, the majority of securities in the market are 'agency' MBS, backed or owned by the US government or its agencies (Freddie Mac and Fannie Mae). Lending standards have improved dramatically since the crisis and are strictly regulated, while credit rating agencies incorporate a wider set of potential downside scenarios in their setting of MBS ratings. From a fundamental perspective, the housing market in the US is also much more robust than it was pre-crisis.

We launched the GAM Star MBS Total Return fund in 2014 following our acquisition of Singleterry Mansley Asset Management, a US-based specialist in mortgage and asset-backed securities. This UCITS fund replicates the strategy that Gary Singleterry and Tom Mansley have been running since 2002, generating positive returns in every calendar year. With more than 58 years of combined experience in the MBS market, Gary and Tom are now managing more than USD 1 billion in the UCITS fund, which celebrated its three-year anniversary in July 2017 and ranks in the top quartile by performance versus peers[2] since inception.

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

FINANCIAL REVIEW

How we report results

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

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 focus on underlying profitability. The adjustments we make from IFRS to an underlying profit before taxes are always related to specific non-recurring events or items related to acquisition activities that are indicative neither of the underlying performance of our business nor of its future growth potential. Where applicable, our KPIs are disclosed and discussed on the same adjusted basis.

Our 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. While the latter impact is currently insignificant, it is important that the use of equity-linked instruments and share-based awards in our compensation structure is reflected. Our financial target of annualised EPS growth in excess of 10% over a business cycle, which we define as five to eight years, applies to diluted underlying EPS.

Operating margin is calculated as net fee and commission income less expenses, divided by net fee and commission income. It excludes the impact of 'net other income' – such as gains and losses from foreign exchange movements, seed capital investments and hedging, or net interest income and expenses – and therefore gives a good representation of the operating performance in our business. Over a business cycle we strive to achieve an operating margin of 35–40%.

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.

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

Business metrics for investment management and private labelling:

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

Management fee margin 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 by asset class.

Net flows represent the net asset additions or redemptions by clients. For our investment management business, we additionally disclose and discuss the net flows by individual capability and client segment. These developments are discussed in the 'Our Businesses' section on pages 16–17.

Assets under management and net flows

Group assets under management as at 30 June 2017 amounted to CHF 131.3 billion, an increase of about 9% from CHF 120.7 billion as at 31 December 2016.

In investment management, assets rose by CHF 4.0 billion to CHF 72.2 billion. Net inflows of CHF 1.9 billion and positive investment performance were only partly offset by the negative impact from foreign exchange movements.

Total assets under management in investment management include all assets that generate a management fee for the Group. As at 30 June 2017, CHF 2.6 billion of assets were double-counted. They represent assets reinvested in our own funds, where we perform an additional level of investment management services for our clients, including advisory or discretionary management, and for which we earn an additional management fee.

Private labelling assets amounted to CHF 59.1 billion, CHF 6.6 billion higher than at the end of 2016. Net inflows of CHF 4.5 billion and positive market performance were only partly offset by the negative impact from foreign exchange movements.

Income drivers and developments

Management fee margins

The management fee margin earned on investment management assets during the first half of 2017 was 62.5 basis points, at the same level as in the first half of 2016 and down from 63.6 basis points reported for the full year 2016. The main contributors to this decrease compared with full-year 2016 were the fluctuations in the asset mix between products and client segments caused by flows and market movements, in particular outflows from higher-margin absolute return products. This was partially offset by the acquisition of Cantab Capital Partners in October 2016, reflecting higher margins at Cantab compared with the Group's average margin.

In private labelling, the management fee margin was 7.0 basis points, compared with 7.4 basis points in the first half of 2016, with the reduction primarily reflecting the margin on new assets being lower than the average margin in prior periods.

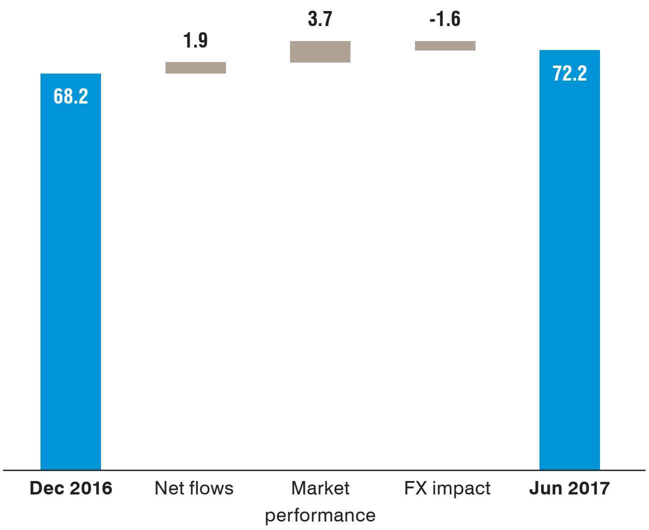
Management fees

Net management fees and commissions in the first half of 2017 totalled CHF 238.4 million, up 3% from the first half of 2016, driven by higher average assets under management. As explained above, the management fee margin in investment management was flat compared with the first half of 2016 and slightly decreased in private labelling.

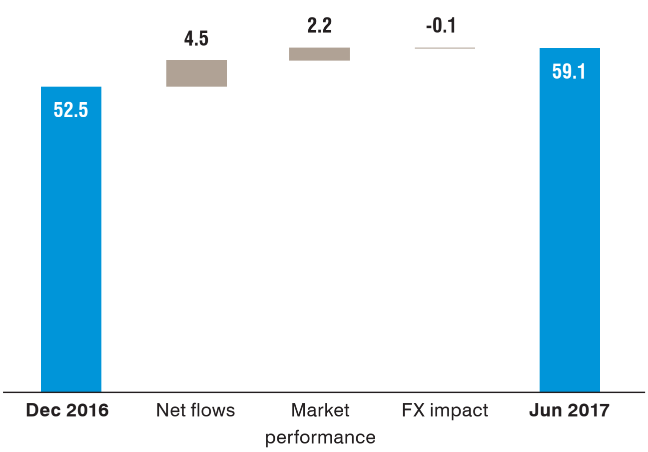
Performance fees

Performance fees increased to CHF 19.3 million from CHF 1.2 million for the first half of 2016, with the unconstrained/absolute return bond strategy and other fixed-income strategies contributing the majority of these fees.

Investment management AuM movements (CHF bn)



Private labelling AuM movements (CHF bn)



Net other income
In net other income, where we include the net interest income and expenses, foreign exchange movements, gains and losses on seed capital investments and hedging as well as fund-related fees and service charges, we reported net expenses of CHF 0.2 million compared with net income of CHF 2.7 million in the first half of 2016. This was primarily driven by net losses from foreign exchange movements in the first half of 2017 compared with net gains in the first half of 2016.

Expense drivers and developments

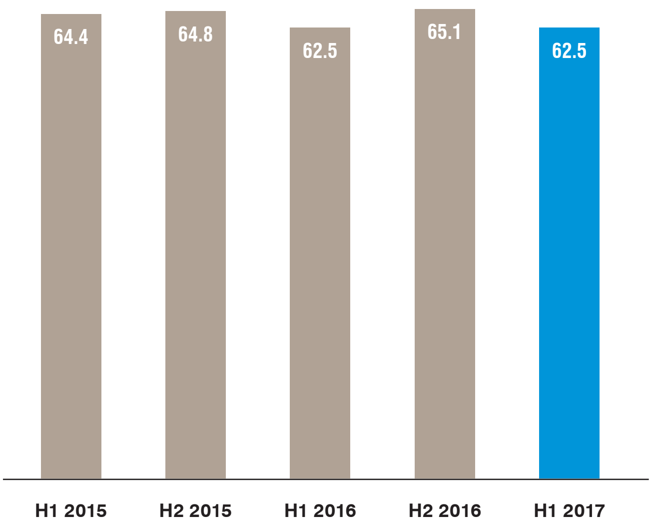
Personnel expenses
Personnel expenses of CHF 125.7 million for the first half of 2017 were largely flat compared with the first half of 2016. Fixed personnel costs were lower as a result of a reduction in staff levels by 8% from 1,024 at 30 June 2016 to 937 full-time equivalents at 30 June 2017 (including additional headcount from the acquisitions of THS and Cantab). Variable compensation was 11% higher compared with the first half of 2016, mainly due to higher performance fee-related bonuses and higher share-based compensation expenses as a result of the implementation of a long-term incentive plan in the second half of 2016.

Compensation ratio
Our compensation ratio decreased to 48.8% from 53.7%. While personnel expenses were largely flat, net fee and commission income increased 11%.

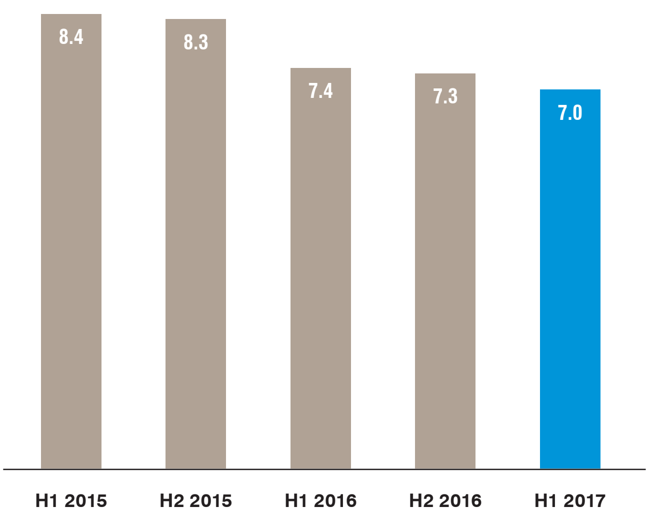
General expenses
General expenses amounted to CHF 53.2 million and were 5% higher than in the first half of 2016. Administration expenses reflecting fees paid to State Street for the outsourced back and middle office services increased from CHF 1.7 million to CHF 4.1 million. These fees were recognised for the first time in March 2016, while in 2017 they are included for the entire period. Excluding these costs, general expenses were flat. Higher consulting expenses partly relating to the single data architecture project were offset by lower occupancy costs and some favourable foreign exchange impacts.

Operating margin
The operating margin rose to 29.3% from 22.5% in the first half of 2016. The increase in net fee and commission income was partly offset by the small increase in expenses.

Management fee margin – investment management (bps)



Management fee margin – private labelling (bps)



Underlying profitability and earnings per share

Underlying profit before taxes
Underlying pre-tax profit rose 37% to CHF 75.4 million compared with the first half of 2016. Costs continued to be managed tightly and net fee and commission income increased 11%.

Effective tax rate
Underlying income tax expense for the first half of 2017 was CHF 16.7 million, representing an underlying effective tax rate of 22.1%. The decrease in underlying effective tax rate from 23.3% for the first half of 2016 mainly reflects the geographical split of our earnings.

Earnings per share
Diluted underlying earnings per share for the first half of 2017 were CHF 0.37. This represents an increase from CHF 0.27 reported for the first half of 2016 as a result of a 39% increase in the underlying net profit. The average number of shares outstanding, on a diluted basis, increased slightly from 157.8 million to 158.0 million, driven by share-based awards having a slightly higher dilutive impact.

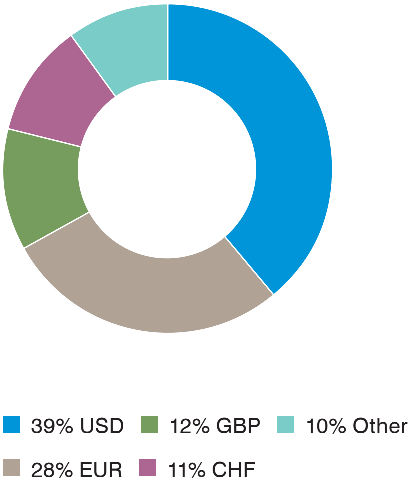
IFRS net profit
Our net profit according to IFRS in the first half of 2017 rose 27% to CHF 67.7 million, all attributable to the shareholders of GAM Holding AG, from CHF 53.3 million in the first half of 2016.

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:

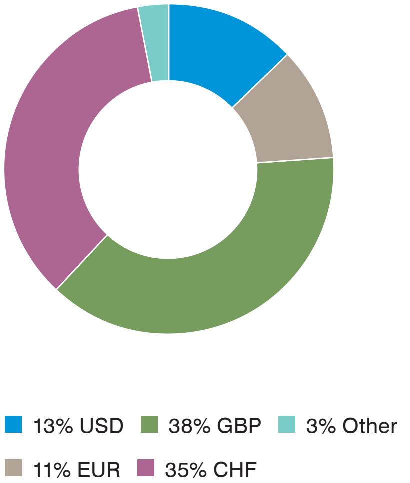
Non-recurring items, resulting in a net loss of CHF 7.3 million. These include the CHF 4.7 million impairment of investment management and client contracts of THS, reorganisation charges of CHF 1.8 million and CHF 0.8 million deal and integration costs related to the acquisitions of Cantab and THS.

Acquisition-related items, resulting in a net gain of CHF 16.3 million. These include adjustments of CHF 33.0 million to the deferred consideration liabilities related to the acquisitions of Cantab, THS and Arkos (now GAM Lugano). These liabilities represent the part of the purchase price which was deferred over multiple years and linked to future profitability of these businesses. The gain from the reduction in these liabilities was partly offset by the amortisation of investment management and client contracts from businesses we acquired and finance charges on the deferred consideration liabilities.

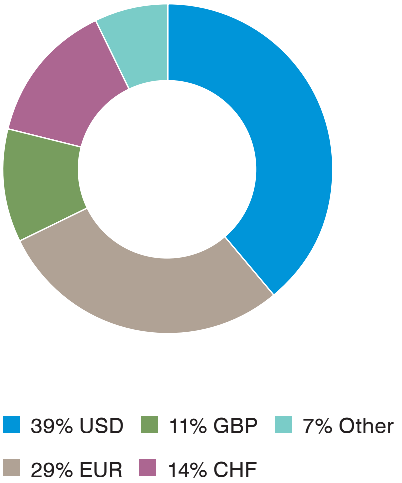
Group income[1]



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.

Balance sheet and capital management

Assets and net cash

Total assets at 30 June 2017 were CHF 2,284.5 million, compared with CHF 2,378.5 million at 31 December 2016. These include goodwill and other intangible assets of CHF 1,711.0 million (CHF 1,736.6 million at 31 December 2016).

Cash and cash equivalents amounted to CHF 281.2 million, down from CHF 352.7 million at the end of 2016, mainly reflecting the impact of the dividend payment for the 2016 financial year (CHF 102.2 million) and bonus payments for 2016. These effects were partly offset by cash flows generated from our operating activities and some seed capital redemptions.

Liabilities and tangible equity

Total liabilities at 30 June 2017 were CHF 464.6 million, CHF 69.9 million lower than at 31 December 2016. This mainly reflects a decrease in accrued expenses as a result of 2016 bonus payments in the first half of 2017 and a decrease in the deferred consideration liabilities driven by payments and reductions in expected future payments. Pension liabilities declined to CHF 106.8 million from CHF 120.1 million, driven by the return on plan assets and adjustments to demographic assumptions.

Tangible equity amounted to CHF 108.9 million, compared with CHF 107.4 million at the end of 2016. The main contributors to this slight increase were the underlying net profit, the impact from the adjustments to the deferred consideration liabilities, share-based payment expenses and the remeasurement of pension liabilities. These effects were almost fully offset by the dividend payment for the 2016 financial year (CHF 102.2 million) and share purchases to cover the Group's obligations under share-based compensation plans.

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 30 June 2017, treasury shares amounted to 3.2 million and were equivalent to 2.0% of shares in issue. Of these shares, 2.6 million were bought back over the regular trading line at the SIX Swiss Exchange (first trading line) and held to cover the Group's obligations under share-based compensation plans. This position increased by 0.4 million shares from 31 December 2016. The remaining 0.6 million shares were purchased during the first half of 2016 as part of our previous share buy-back programme and cancelled on 12 July 2017.

Recent corporate actions

After receiving shareholder approval at the Annual General Meeting on 27 April 2017, the annual dividend for the 2016 financial year of CHF 0.65 per share was paid, resulting in a total distribution to shareholders of CHF 102.2 million. The distribution was made from the capital contribution reserves, making it exempt from Swiss withholding tax of 35% and income tax free for private investors resident in Switzerland.

At the same AGM, shareholders approved the cancellation of 612,200 shares repurchased under the Group's share buy-back programme during 2016. These shares were cancelled on 12 July 2017.

Group income statement

	H1 2017 CHF m	H2 2016 CHF m	H1 2016 CHF m	Change from H2 2016 in %	Change from H1 2016 in %
Net management fees and commissions	238.4	238.9	231.6	0	3
Net performance fees	19.3	1.8	1.2	972	-
Net fee and commission income	**257.7**	**240.7**	**232.8**	**7**	**11**
Net other income/(expenses)	(0.2)	2.4	2.7	-	-
Income	**257.5**	**243.1**	**235.5**	**6**	**9**
Personnel expenses	125.7	121.1	125.1	4	0
Fixed personnel expenses	75.3	75.9	79.8	(1)	(6)
Variable personnel expenses	50.4	45.2	45.3	12	11
General expenses	53.2	52.3	50.6	2	5
Occupancy expenses	11.2	12.1	13.6	(7)	(18)
IT expenses	9.2	8.2	8.0	12	15
Communication and marketing expenses	14.0	14.9	14.3	(6)	(2)
Professional services, other fees and charges	8.4	6.8	6.8	24	24
Administration expenses	4.1	4.4	1.7	(7)	141
Other general expenses	6.3	5.9	6.2	7	2
Depreciation and amortisation	3.2	4.6	4.8	(30)	(33)
Expenses	**182.1**	**178.0**	**180.5**	**2**	**1**
Underlying profit before taxes	**75.4**	**65.1**	**55.0**	**16**	**37**
Underlying income tax expense	16.7	13.1	12.8	27	30
Underlying net profit	**58.7**	**52.0**	**42.2**	**13**	**39**
Acquisition-related items	13.2	2.2	6.4	500	106
Non-recurring items	(9.1)	(3.1)	6.0	-	-
Tax on acquisition-related items	3.1	1.2	0.3	158	933
Tax on non-recurring items	1.8	0.9	(1.6)	100	-
Non-recurring tax item	-	27.8	-	(100)	-
IFRS net profit	**67.7**	**81.0**	**53.3**	**(16)**	**27**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	H1 2017 CHF m	H2 2016 CHF m	H1 2016 CHF m	Change from H2 2016 in %	Change from H1 2016 in %
Net management fees and commissions	5	238.4	238.9	231.6	0	3
Net performance fees	5	19.5	1.8	1.2	983	-
Net fee and commission income	5	**257.9**	**240.7**	**232.8**	**7**	**11**
Net other income		25.2	12.3	6.0	105	320
Income		**283.1**	**253.0**	**238.8**	**12**	**19**
Personnel expenses	6	125.0	122.1	113.1	2	11
General expenses	7	54.1	53.7	52.7	1	3
Depreciation and amortisation		18.8	13.0	5.6	45	236
Impairment loss	8	5.7	-	-	-	-
Expenses		**203.6**	**188.8**	**171.4**	**8**	**19**
Profit before taxes		**79.5**	**64.2**	**67.4**	**24**	**18**
Income tax expense/(credit)		11.8	(16.8)	14.1	-	(16)
Net profit attributable to the shareholders of the Company		**67.7**	**81.0**	**53.3**	**(16)**	**27**
Earnings per share						
Basic earnings per share (CHF)	10	0.43	0.51	0.34	(16)	26
Diluted earnings per share (CHF)	10	0.43	0.51	0.34	(16)	26

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	H1 2017 CHF m	H2 2016 CHF m	H1 2016 CHF m	Change from H2 2016 in %	Change from H1 2016 in %
Net profit attributable to the shareholders of the Company	**67.7**	**81.0**	**53.3**	**(16)**	**27**
Remeasurements of pension liabilities	11.4	(10.9)	(48.3)	-	-
Income tax (charges)/credits relating to remeasurements of pension liabilities	(2.4)	1.3	9.9	-	-
Items that will not be reclassified subsequently to the income statement, net of taxes	**9.0**	**(9.6)**	**(38.4)**	**-**	**-**
Net gains/(losses) on financial assets available-for-sale	0.4	(1.9)	1.2	-	-
Net realised (gains)/losses on financial assets available-for-sale reclassified to the income statement	(0.6)	0.8	1.3	-	-
Translation differences	(1.7)	(2.7)	(12.9)	-	-
Items that may be reclassified subsequently to the income statement, net of taxes	**(1.9)**	**(3.8)**	**(10.4)**	**-**	**-**
Other comprehensive income, net of taxes	**7.1**	**(13.4)**	**(48.8)**	**-**	**-**
Total comprehensive income attributable to the shareholders of the Company	**74.8**	**67.6**	**4.5**	**11**	**-**

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30.06.2017 CHF m	31.12.2016 CHF m	Change from 31.12.2016 in %
Cash and cash equivalents		281.2	352.7	(20)
Trade and other receivables		41.3	33.1	25
Accrued income and prepaid expenses		131.1	99.4	32
Financial investments		53.7	75.3	(29)
Assets held for sale		0.3	11.3	(97)
Current assets		**507.6**	**571.8**	**(11)**
Financial investments and other financial assets		2.7	2.8	(4)
Deferred tax assets		53.2	56.3	(6)
Property and equipment		10.0	11.0	(9)
Goodwill and other intangible assets		1,711.0	1,736.6	(1)
Non-current assets		**1,776.9**	**1,806.7**	**(2)**
Assets		**2,284.5**	**2,378.5**	**(4)**
Trade and other payables		14.3	18.8	(24)
Other financial liabilities		9.1	9.7	(6)
Accrued expenses and deferred income		184.4	203.8	(10)
Current tax liabilities		22.6	9.2	146
Provisions		7.8	11.2	(30)
Liabilities held for sale		-	2.0	(100)
Current liabilities		**238.2**	**254.7**	**(6)**
Financial liabilities		78.6	114.4	(31)
Provisions		2.3	2.4	(4)
Pension liabilities		106.8	120.1	(11)
Deferred tax liabilities		38.7	42.9	(10)
Non-current liabilities		**226.4**	**279.8**	**(19)**
Liabilities		**464.6**	**534.5**	**(13)**
Share capital		8.0	8.0	0
Capital reserves		995.0	1,097.2	(9)
Retained earnings		974.9	889.6	10
Revaluation reserve		0.7	0.9	(22)
Foreign currency translation reserve		(108.6)	(106.9)	2
Treasury shares	12	(50.1)	(44.8)	12
Equity attributable to the shareholders of the Company		**1,819.9**	**1,844.0**	**(1)**
Liabilities and equity		**2,284.5**	**2,378.5**	**(4)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital CHF m	Capital reserves CHF m
1 January 2016	**8.2**	**1,199.6**
Net profit attributable to the shareholders of the Company	-	-
Other comprehensive income, net of taxes[1]	-	-
Total comprehensive income	**-**	**-**
Dividends paid	-	(102.4)
Share-based payment expenses, net of taxes	-	-
Acquisitions of own shares and derivatives on own shares	-	-
Disposals of own shares and derivatives on own shares	-	-
Total transactions with shareholders of the Company	**-**	**(102.4)**
Balance at 30 June 2016	**8.2**	**1,097.2**
Net profit attributable to the shareholders of the Company	-	-
Other comprehensive income, net of taxes[1]	-	-
Total comprehensive income	**-**	**-**
Capital reduction	(0.2)	-
Share-based payment expenses, net of taxes	-	-
Acquisitions of own shares and derivatives on own shares	-	-
Disposals of own shares and derivatives on own shares	-	-
Total transactions with shareholders of the Company	**(0.2)**	**-**
Balance at 31 December 2016	**8.0**	**1,097.2**
Net profit attributable to the shareholders of the Company	-	-
Other comprehensive income, net of taxes[1]	-	-
Total comprehensive income	**-**	**-**
Dividends paid	-	(102.2)
Share-based payment expenses, net of taxes	-	-
Acquisitions of own shares and derivatives on own shares	-	-
Disposals of own shares and derivatives on own shares	-	-
Total transactions with shareholders of the Company	**-**	**(102.2)**
Balance at 30 June 2017	**8.0**	**995.0**

[1] For details to the line item 'other comprehensive income, net of taxes' see condensed consolidated statement of comprehensive income on page 28.

Retained earnings CHF m	Revaluation reserve CHF m	Foreign currency translation reserve CHF m	Treasury shares CHF m	**Equity attributable to the shareholders of the Company** CHF m
847.0	**(0.5)**	**(91.3)**	**(86.6)**	**1,876.4**
53.3	-	-	-	**53.3**
(38.4)	2.5	(12.9)	-	**(48.8)**
14.9	**2.5**	**(12.9)**	**-**	**4.5**
-	-	-	-	**(102.4)**
3.9	-	-	-	**3.9**
-	-	-	(8.7)	**(8.7)**
(0.6)	-	-	0.6	**-**
3.3	**-**	**-**	**(8.1)**	**(107.2)**
865.2	**2.0**	**(104.2)**	**(94.7)**	**1,773.7**
81.0	-	-	-	**81.0**
(9.6)	(1.1)	(2.7)	-	**(13.4)**
71.4	**(1.1)**	**(2.7)**	**-**	**67.6**
(50.2)	-	-	50.4	**-**
4.0	-	-	-	**4.0**
-	-	-	(1.3)	**(1.3)**
(0.8)	-	-	0.8	**-**
(47.0)	**-**	**-**	**49.9**	**2.7**
889.6	**0.9**	**(106.9)**	**(44.8)**	**1,844.0**
67.7	-	-	-	**67.7**
9.0	(0.2)	(1.7)	-	**7.1**
76.7	**(0.2)**	**(1.7)**	**-**	**74.8**
-	-	-	-	**(102.2)**
9.8	-	-	-	**9.8**
-	-	-	(6.5)	**(6.5)**
(1.2)	-	-	1.2	**-**
8.6	**-**	**-**	**(5.3)**	**(98.9)**
974.9	**0.7**	**(108.6)**	**(50.1)**	**1,819.9**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	H1 2017 CHF m	H2 2016 CHF m	H1 2016 CHF m represented [1]
Net profit	**67.7**	**81.0**	**53.3**
Non-cash items included in net profit:			
- Depreciation and amortisation	18.8	13.0	5.6
- Share-based payment expenses	9.7	4.1	4.6
- Other non-cash items	8.2	(0.2)	2.7
Net changes in:			
- Financial investments and other financial assets	31.2	(12.1)	(5.7)
- Accrued income and prepaid expenses	(33.0)	5.7	23.7
- Accrued expenses and deferred income	(18.8)	32.9	(46.4)
- Other assets and liabilities	(39.5)	(44.8)	(41.3)
Cash flow from operating activities	**44.3**	**79.6**	**(3.5)**
Acquisition of business (net of cash)	(1.1)	(204.0)	(1.2)
Disposal of subsidiaries (net of cash)	-	0.1	-
Purchase of property, equipment and intangible assets	(1.8)	(1.2)	(7.7)
Disposal of property, equipment and intangible assets	0.1	-	0.1
Cash flow from investing activities	**(2.8)**	**(205.1)**	**(8.8)**
Purchase of treasury shares	(6.5)	(1.3)	(8.7)
Dividends paid to shareholders of the Company	(102.2)	-	(102.4)
Deferred payment for the acquisition of non-controlling interests	(3.5)	-	(10.8)
Cash flow from financing activities	**(112.2)**	**(1.3)**	**(121.9)**
Effects of exchange rate changes on cash and cash equivalents	(0.8)	(1.2)	(18.0)
Net decrease in cash and cash equivalents	**(71.5)**	**(128.0)**	**(152.2)**
Cash and cash equivalents at the beginning of the period	352.7	480.7	632.9
Cash and cash equivalents at the end of the period	**281.2**	**352.7**	**480.7**

[1] Comparative figures have been reclassified. For further information see note 2.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

GAM Holding AG (the Company) is a Swiss corporation domiciled in Zurich and listed on the SIX Swiss Exchange. The condensed interim consolidated financial statements as at and for the six months ended 30 June 2017 are unaudited and 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.

2. Basis of preparation

These condensed interim consolidated financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2016, which were prepared in accordance with International Financial Reporting Standards (IFRS).

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

Changes in presentation of condensed interim consolidated statement of cash flows

The presentation of certain changes in pension liabilities in H1 2016 (CHF 8.3 million moved from 'other non-cash items' to 'net changes in other assets and liabilities') has been changed compared with the prior year's condensed interim consolidated financial statements to conform to the current year's presentation. This reclassification had no impact on net profit or total equity.

3. Significant accounting policies

These condensed interim consolidated financial statements were prepared on the basis of accounting policies and valuation principles consistent with those used in the consolidated financial statements as at and for the year ended 31 December 2016.

There were no new accounting pronouncements with effective date 1 January 2017 that had a significant impact on the condensed interim consolidated financial statements of the Group.

Changes resulting from new standards that are published and must be applied in future financial periods, but are not yet adopted by the Group, are not expected to have any significant impact on the Group's consolidated financial statements, except for IFRS 9, IFRS 15 and IFRS 16. The impact of these standards has been initially assessed and is currently expected to be as follows:

IFRS 9 – Financial Instruments (applicable on 1 January 2018)
- The impact of this standard will depend on the types of financial instruments held by the Group at adoption. Under IFRS 9, the majority of financial instruments are expected to be recognised at fair value through profit or loss. The main impact is expected to derive from unrecognised gains or losses on financial assets available-for-sale which, under IFRS 9, will be recognised in the income statement instead of the revaluation reserve within equity (other comprehensive income).
- Changes to the impairment model are not expected to have a material impact as (i) the majority of the financial assets are measured at fair value through profit or loss (FVTPL) and the impairment requirements do not apply to such instruments; and (ii) the financial assets at amortised cost are short-term (ie no longer than 12 months). Accordingly, the expected credit losses on such assets are not expected to be material.
- The Group does not expect to early adopt the new hedge accounting requirements. As most of the financial assets are recognised at FVTPL there will be a natural hedge relationship which does not require the Group to apply hedge accounting.
- More extensive disclosures relating to financial instruments are expected by the Group.

IFRS 15 – Revenue from Contracts with Customers (applicable on 1 January 2018)
The Group expects that IFRS 15 will result in more extensive disclosures about contracts with customers.

IFRS 16 – Leases (applicable on 1 January 2019)
- The Group's consolidated balance sheet is expected to be grossed up by the recognition of assets (right-of-use assets, receivables for subleases) and financial lease liabilities (discounted future lease payments) in the same amount.
- IFRS 16 changes the nature of expenses related to any leases replacing the operating lease expenses with a depreciation charge for lease assets and an interest expense on lease liabilities. Consequently, in the Group's income statement, general expenses decrease due to lower occupancy expenses while depreciation and amortisation increase and net other income, including the increased interest expense, decreases. The overall impact on net profit is not expected to be material.
- More extensive disclosures relating to lease agreements are expected by the Group.

NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

4. Volatility of earnings

Management fees are recognised throughout the period and can vary, among other things, due to fluctuations in the levels of assets under management. However, performance fees are only recognised if performance hurdles have been achieved at certain defined dates. As a result, the Group's earnings can be volatile and therefore the income and the related expenses generated in the second half of the year may vary from those generated in the first half.

5. Net fee and commission income

	H1 2017 CHF m	H1 2016 CHF m	Change in %
Investment management, advisory and other fees	473.7	450.9	5
Distribution, fee and commission expenses	(235.3)	(219.3)	7
Net management fees and commissions	**238.4**	**231.6**	**3**
Performance fees	24.1	5.8	316
Performance fees paid to external investment managers	(4.6)	(4.6)	0
Net performance fees	**19.5**	**1.2**	**-**
Net fee and commission income	**257.9**	**232.8**	**11**

6. Personnel expenses

	H1 2017 CHF m	H1 2016 CHF m	Change in %
Salaries and bonuses	91.6	94.1	(3)
Social security expenses	9.8	8.0	23
Defined benefit pension plan expenses	6.0	(2.2)	-
Defined contribution pension plan expenses	4.1	4.2	(2)
Share-based payment expenses	9.7	4.6	111
Other personnel expenses	3.8	4.4	(14)
Personnel expenses	**125.0**	**113.1**	**11**

At the Annual General Meeting on 27 April 2017, shareholders did not approve the proposed maximum variable compensation of the Group Management Board for 2017. However, the Group continues to accrue for related variable compensation based on estimated payout levels, which will be subject to shareholders' approval at a future General Meeting.

Pension plan amendment

In H1 2016, the Swiss defined benefit pension plan introduced the following changes designed to ensure the long-term financial stability and sustainability of the scheme against the backdrop of rising life expectancy and the persistent low-yield environment:

- The conversion rate that converts old-age capital into life-long pension payments was lowered
- In order to compensate for the reduced conversion rate, the joint annual savings contributions of both employer and employee were increased

As a result of these changes, a gain of CHF 8.1 million before taxes was recognised in the income statement in the line item 'defined benefit pension plan expenses'.

7. General expenses

	H1 2017 CHF m	H1 2016 CHF m	Change in %
Occupancy expenses	11.2	13.6	(18)
IT expenses	9.2	8.0	15
Communication and marketing expenses	14.0	14.3	(2)
Professional services, other fees and charges	9.1	8.9	2
Administration expenses	4.1	1.7	141
Other general expenses	6.5	6.2	5
General expenses	**54.1**	**52.7**	**3**

8. Impairment loss

As a result of the loss of mandates and clients, the assets under management of the Taube Hodson Stonex (THS) business significantly decreased in H1 2017 reflecting an indication of impairment of related investment management and client contracts. Therefore, an impairment test was performed using a discounted cash flow model based on future cash flows attributable to identified investment management and client contracts relating to the acquisition of THS to determine the recoverable amount as at 30 June 2017. As a result, an impairment loss of CHF 5.7 million was recognised in H1 2017.

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

			H1 2017			H1 2016
	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	238.4	-	238.4	231.6	-	231.6
Net performance fees	19.5	(0.2)	19.3	1.2	-	1.2
Net fee and commission income	**257.9**	**(0.2)**	**257.7**	**232.8**	**-**	**232.8**
Net other income	25.2	(25.4)	(0.2)	6.0	(3.3)	2.7
Income	**283.1**	**(25.6)**	**257.5**	**238.8**	**(3.3)**	**235.5**
Personnel expenses	125.0	0.7	125.7	113.1	12.0	125.1
General expenses	54.1	(0.9)	53.2	52.7	(2.1)	50.6
Depreciation and amortisation	18.8	(15.6)	3.2	5.6	(0.8)	4.8
Impairment loss	5.7	(5.7)	-	-	-	-
Expenses	**203.6**	**(21.5)**	**182.1**	**171.4**	**9.1**	**180.5**
Profit before taxes	**79.5**	**(4.1)**	**75.4**	**67.4**	**(12.4)**	**55.0**
Income tax expense/(credit)	11.8	4.9	16.7	14.1	(1.3)	12.8
Net profit	**67.7**	**(9.0)**	**58.7**	**53.3**	**(11.1)**	**42.2**
Earnings per share						
Basic earnings per share (CHF)	0.43		0.37	0.34		0.27
Diluted earnings per share (CHF)	0.43		0.37	0.34		0.27

Reconciling items

	Acquisition-related items CHF m	Non-recurring items CHF m	H1 2017 Total reconciling items CHF m	Acquisition-related items CHF m	Non-recurring items CHF m	H1 2016 Total reconciling items CHF m
Performance fees attributed to external interests	(0.2)	-	(0.2)	-	-	-
Net fee and commission income	**(0.2)**	**-**	**(0.2)**	**-**	**-**	**-**
Adjustments to deferred consideration liabilities	(29.8)	-	(29.8)	(3.4)	-	(3.4)
Fair value changes of performance fees attributed to external interests	0.2	-	0.2	-	-	-
Finance charges on discounted liabilities	4.2	-	4.2	0.1	-	0.1
Net other income	**(25.4)**	**-**	**(25.4)**	**(3.3)**	**-**	**(3.3)**
Adjustments to deferred consideration liabilities	3.2	-	3.2	3.9	-	3.9
Reorganisation charge	-	(1.9)	(1.9)	-	-	-
Pension plan amendment	-	-	-	-	8.1	8.1
Deal and integration costs	-	(0.6)	(0.6)	-	-	-
Personnel expenses	**3.2**	**(2.5)**	**0.7**	**3.9**	**8.1**	**12.0**
Reorganisation charge	-	(0.5)	(0.5)	-	-	-
Deal and integration costs	-	(0.4)	(0.4)	-	(2.1)	(2.1)
General expenses	**-**	**(0.9)**	**(0.9)**	**-**	**(2.1)**	**(2.1)**
Amortisation of investment management and client contracts	(15.6)	-	(15.6)	(0.8)	-	(0.8)
Depreciation and amortisation	**(15.6)**	**-**	**(15.6)**	**(0.8)**	**-**	**(0.8)**
Impairment of investment management and client contracts	-	(5.7)	(5.7)	-	-	-
Impairment loss	**-**	**(5.7)**	**(5.7)**	**-**	**-**	**-**
Total reconciling items before taxes	**(13.2)**	**9.1**	**(4.1)**	**(6.4)**	**(6.0)**	**(12.4)**
Income tax charges/(credits)	3.1	1.8	4.9	0.3	(1.6)	(1.3)
Total reconciling items after taxes	**(16.3)**	**7.3**	**(9.0)**	**(6.7)**	**(4.4)**	**(11.1)**

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

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

H1 2017

Adjustments to deferred consideration liabilities

The Group acquired Arkos Capital SA (subsequently renamed and now known as ‘GAM Lugano’), the Singleterry Mansley business, the Renshaw Bay real estate debt business, and in H2 2016 the investment management businesses of Taube Hodson Stonex and Cantab Capital Partners, all with a deferred consideration element. In H1 2017, the consideration payable, compared with that recognised at acquisition or in subsequent periods, was reduced by CHF 33.0 million. Thereof, CHF 29.8 million were recognised in the line item ‘net other income’ (including a net of hedging loss of CHF 1.0 million) and CHF 3.2 million in the line item ‘personnel expenses’.

Finance charges on discounted liabilities

The CHF 4.2 million finance charges on discounted liabilities relate to the deferred consideration elements of the acquisitions of Arkos Capital SA (now ‘GAM Lugano’), the Singleterry Mansley business, the Renshaw Bay real estate business and the investment management businesses of Taube Hodson Stonex and Cantab Capital Partners.

Amortisation of investment management and client contracts

The CHF 15.6 million amortisation of investment management and client contracts relates to the acquisitions of the investment management businesses of Taube Hodson Stonex and Cantab Capital Partners in H2 2016, the Renshaw Bay real estate business and the Singleterry Mansley business.

Performance fees, and related fair value changes, attributed to external interests

The Group has a contractual commitment, through the agreement to acquire Cantab Capital Partners (Cantab), to allocate 40% of performance fees generated by Cantab to employees (in the first five years and capped at USD 50 million as determined by previous partners) and previous partners thereafter indefinitely via “A” interests. Such liabilities are recognised when respective performance fees crystallise. The fair value changes of performance fees payable in relation to “A” interests of Cantab amount to CHF 0.2 million.

H1 2016

Adjustments to deferred consideration liabilities

The Group acquired Arkos Capital SA (subsequently renamed and now known as ‘GAM Lugano’), the Singleterry Mansley business and the Renshaw Bay real estate debt business, all with a deferred consideration element. In H1 2016, the consideration payable, compared with that recognised at acquisition or in subsequent periods, was reduced by CHF 7.3 million. Thereof, CHF 3.4 million were recognised in the line item ‘net other income’ and CHF 3.9 million in the line item ‘personnel expenses’.

Finance charges on discounted liabilities

The CHF 0.1 million finance charges on discounted liabilities relate to the deferred consideration elements of the acquisitions of Arkos Capital SA (now ‘GAM Lugano’), the Singleterry Mansley business and the Renshaw Bay real estate business.

Amortisation of investment management and client contracts

The CHF 0.8 million amortisation of investment management and client contracts relates to the acquisitions of the Renshaw Bay real estate business and the Singleterry Mansley business.

Non-recurring items

H1 2017

Reorganisation charge

The charge of CHF 2.4 million in respect of the Group’s operational reorganisation includes costs of CHF 1.9 million associated with redundancies and the revaluation of the restructuring provision as well as CHF 0.5 million in connection with non-staff costs.

Impairment of investment management and client contracts

The CHF 5.7 million impairment loss on investment management and client contracts relates to the acquisition of the investment management business of Taube Hodson Stonex. For further information see note 8.

Deal and integration costs

In H2 2016, the Group acquired the investment management businesses of Taube Hodson Stonex and Cantab Capital Partners. As part of these acquisitions, CHF 1.0 million of deal and integration costs were incurred in the first half of 2017.

H1 2016

Pension plan amendment

As a result of changes introduced to the Swiss defined benefit pension plan, a one-off gain of CHF 8.1 million was recognised in the income statement. For further information see note 6.

Deal and integration costs

The Group signed agreements to acquire the investment management businesses of Taube Hodson Stonex and Cantab Capital Partners. As part of these acquisitions, CHF 2.1 million of deal and integration costs were incurred in the first half of 2016.

10. Earnings per share and shares outstanding

9.1. Earnings per share

	H1 2017	H1 2016
Basic earnings per share		
Net profit attributable to the shareholders of the Company (CHF m)	67.7	53.3
Weighted average number of shares outstanding (millions)	157.3	157.7
Basic earnings per share (CHF)	**0.43**	**0.34**
Diluted earnings per share		
Net profit attributable to the shareholders of the Company for diluted EPS (CHF m)	67.7	53.3
Weighted average number of shares outstanding (millions)	157.3	157.7
Dilution effect (millions)	0.7	0.1
Weighted average number of shares outstanding for diluted EPS (millions)	158.0	157.8
Diluted earnings per share (CHF)	**0.43**	**0.34**

9.2. Shares outstanding

	H1 2017	H1 2016
Shares issued at the end of the period	160,294,731	163,394,731
Treasury shares – share buy-back programmes	(612,200)	(3,712,200)
Treasury shares – share-based payment plans	(2,629,179)	(2,120,387)
Shares outstanding at the end of the period	**157,053,352**	**157,562,144**

NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET

11. Tax effects recognised directly in equity

Tax effects on share-based payments resulted in a credit to equity of CHF 0.1 million (H1 2016: debit of CHF 0.7 million). With the share-based payment expenses of CHF 9.7 million (H1 2016: CHF 4.6 million) and these tax effects, CHF 9.8 million (H1 2016: CHF 3.9 million) is included in the respective line item within equity as shown in the condensed consolidated statement of changes in equity.

12. Treasury shares

As at 30 June 2017, the Company held 3.2 million treasury shares. These consist of:

- 2.6 million treasury shares held to meet the Group's obligation to deliver shares for the various share-based payment plans (31 December 2016: 2.2 million), all of which are expected to be net equity settled; and
- 0.6 million treasury shares acquired under the Company's 2014 – 2017 share buy-back programme which expired on 27 April 2017 (31 December 2016: 0.6 million). All of these 0.6 million shares were cancelled on 12 July 2017 (see note 15).

	Shares	CHF m
Balance at 1 January 2016	5,254,167	86.6
Acquisition of own shares	612,200	8.7
Disposals of own shares	(33,780)	(0.6)
Balance at 30 June 2016	**5,832,587**	**94.7**
Capital reduction	(3,100,000)	(50.4)
Acquisition of own shares	121,000	1.3
Disposals of own shares	(54,771)	(0.8)
Balance at 31 December 2016	**2,798,816**	**44.8**
Acquisition of own shares	533,500	6.5
Disposals of own shares	(90,937)	(1.2)
Balance at 30 June 2017	**3,241,379**	**50.1**

13. 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.

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

These valuation techniques remained unchanged from those disclosed in the consolidated financial statements as at and for the year ended 31 December 2016.

The carrying amount of the financial assets and liabilities, including cash and cash equivalents, accrued income and expenses, trade and other receivables and payables, and other financial assets and liabilities, approximates their fair value.

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	30.06.2017 **Total** CHF m
Derivative financial instruments	-	0.5	-	**0.5**
Financial assets at fair value through profit or loss	19.5	13.7	0.2	**33.4**
Financial assets available-for-sale	10.3	0.9	9.7	**20.9**
Financial assets measured at fair value	**29.8**	**15.1**	**9.9**	**54.8**
Derivative financial instruments	-	4.0	-	**4.0**
Financial liabilities at fair value through profit or loss	-	0.2	79.9	**80.1**
Financial liabilities measured at fair value	**-**	**4.2**	**79.9**	**84.1**

	Level 1 CHF m	Level 2 CHF m	Level 3 CHF m	31.12.2016 **Total** CHF m
Derivative financial instruments	-	1.3	-	**1.3**
Financial assets at fair value through profit or loss	40.5	21.3	0.4	**62.2**
Financial assets available-for-sale	12.3	0.9	10.9	**24.1**
Financial assets measured at fair value	**52.8**	**23.5**	**11.3**	**87.6**
Derivative financial instruments	-	0.5	-	**0.5**
Financial liabilities at fair value through profit or loss	-	2.0	120.5	**122.5**
Financial liabilities measured at fair value	**-**	**2.5**	**120.5**	**123.0**

The categories ‘financial assets at fair value through profit or loss’ and ‘financial liabilities at fair value through profit or loss’ include the balance sheet line items ‘assets held for sale’ and ‘liabilities held for sale’ which contain the controlled funds’ direct investments in the amount of CHF 0.3 million (31 December 2016: CHF 11.3 million). These direct investments are invested into financial instruments.

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. In H1 2017, there were no transfers between levels.

The valuation methods used to determine the fair value of level 3 financial instruments are as follows:

- Financial assets available-for-sale are measured based on the latest available financial information applying the adjusted net asset method. If the Group is aware of other factors impacting the fair value, adjustments are made to best reflect the approximation of fair value.
- Financial liabilities at fair value through profit or loss represent mainly deferred consideration liabilities relating to the acquisitions made. These are measured based on their contractual terms and expected future business performance.

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

	Financial assets at fair value through profit or loss CHF m	Financial assets available-for-sale CHF m	**Total financial assets** CHF m	Financial liabilities at fair value through profit or loss CHF m
Balance at 1 January 2016	1.1	13.3	**14.4**	53.7
Disposals/settlements	-	(0.4)	**(0.4)**	(18.0)
Total gains/losses:				
- in profit or loss	(0.1)	(1.4)	**(1.5)**	(5.6)
- in other comprehensive income	-	1.1	**1.1**	-
Translation differences	-	-	**-**	(0.7)
Balance at 30 June 2016	**1.0**	**12.6**	**13.6**	**29.4**
Acquisition of business	-	-	**-**	99.4
Disposals/settlements	(0.1)	(0.6)	**(0.7)**	-
Total gains/losses:				
- in profit or loss	(0.5)	(1.1)	**(1.6)**	(8.9)
- in other comprehensive income	-	-	**-**	-
Translation differences	-	-	**-**	0.6
Balance at 31 December 2016	**0.4**	**10.9**	**11.3**	**120.5**
Disposals/settlements	(0.2)	(0.6)	**(0.8)**	(5.9)
Total gains/losses:				
- in profit or loss	-	(1.4)	**(1.4)**	(33.2)
- in other comprehensive income	-	0.8	**0.8**	-
Translation differences	-	-	**-**	(1.5)
Balance at 30 June 2017	**0.2**	**9.7**	**9.9**	**79.9**

In H1 2017, net gains of CHF 31.8 million (H1 2016: net gains of CHF 4.1 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 9 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
Level 3 financial liabilities, representing the deferred consideration liabilities from acquisitions made by the Group, are impacted by reasonable possible changes to the inputs used in determining their fair value, predominantly the deferred consideration liability from the acquisition of Cantab Capital Partners which is estimated to be CHF 70.4 million as at 30 June 2017 (31 December 2016: CHF 96.2 million).

The deferred consideration regarding the acquisition of Cantab Capital Partners is based on net management fee revenue from the strategies managed by the Cantab investment team for 2018, 2019 and 2020, payable after each period end. The deferred consideration liability represents the present value of expected payments, determined by considering the forecasted net management fee revenue, discounted using a risk-adjusted discount rate. The significant unobservable inputs are as follows:
- forecasted revenue from net management fees for 2017; and
- future growth rates (2018 to 2020: 6% to 17% annually; 31 December 2016: 18% to 22% annually)

The estimated fair value would increase / (decrease) if:
- the forecasted revenue from net management fees for 2017 were higher / (lower). An increase / (decrease) of 5% would result in the estimated fair value being higher / (lower) by CHF 4 million / (CHF 4 million);
- the future growth rates were higher / (lower). An increase / (decrease) of 1% would result in the estimated fair value being higher / (lower) by CHF 1 million / (CHF 1 million).

ADDITIONAL NOTES

14. Share-based payments

Share plan for members of the Board of Directors

On 28 April 2017, the members of the Board of Directors were granted a total of 64,651 GAM Holding AG shares at a fair value of CHF 11.60 per share. These shares will vest and be delivered on the day before the Company's 2018 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 H1 2017, an expense of CHF 0.1 million was recognised.

2017 Employee Option Plan

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

As at the date of grant, the aggregate fair value of these options amounted to CHF 2.0 million and is recognised as an expense over the relevant vesting period. In H1 2017, an expense of CHF 0.2 million was recognised.

Other share-based grants

Share awards

Between 1 January 2017 and 21 June 2017 certain new employees were granted a total of 207,585 GAM Holding AG shares. The shares will vest in three equal tranches after a maximum of three years, subject to the recipients continuing to be employed with the Group on each vesting date.

In H1 2017, an expense of CHF 0.6 million was recognised.

Option awards

Between 1 January 2017 and 6 March 2017 certain employees were granted a total of 1,560,919 options. Subject to certain terms and conditions, the Group will deliver one share in GAM Holding AG per option. The options will vest in 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.

In H1 2017, an expense of CHF 0.3 million was recognised.

15. Events after the reporting period

The Board of Directors approved these condensed interim consolidated financial statements on 2 August 2017.

Capital reduction

On 12 July 2017, the Company executed the capital reduction resolved by its shareholders at the Company's Annual General Meeting on 27 April 2017 and cancelled 612,200 shares repurchased under its share buy-back programme during 2016. The share capital of the Company now amounts to CHF 7,984,127 (159,682,531 registered shares at a par value of CHF 0.05 per share).

FINANCIAL SUMMARY AND SHARE INFORMATION

FIVE-YEAR FINANCIAL SUMMARY

	H1 2017 CHF m	H2 2016 CHF m	H1 2016 CHF m	2016 CHF m	2015 CHF m	2014 CHF m	2013 CHF m
Net management fees and commissions	238.4	238.9	231.6	470.5	517.8	542.9	554.1
Net performance fees	19.3	1.8	1.2	3.0	82.8	65.9	100.7
Net fee and commission income	**257.7**	**240.7**	**232.8**	**473.5**	**600.6**	**608.8**	**654.8**
Net other income/(expenses)	(0.2)	2.4	2.7	5.1	0.7	14.7	15.4
Income	**257.5**	**243.1**	**235.5**	**478.6**	**601.3**	**623.5**	**670.2**
Personnel expenses	125.7	121.1	125.1	246.2	290.0	293.2	321.3
Fixed personnel expenses	75.3	75.9	79.8	155.7	165.1	166.0	165.7
Variable personnel expenses	50.4	45.2	45.3	90.5	124.9	127.2	155.6
General expenses	53.2	52.3	50.6	102.9	104.9	105.8	108.7
Occupancy expenses	11.2	12.1	13.6	25.7	28.6	28.8	27.9
IT expenses	9.2	8.2	8.0	16.2	18.3	22.7	21.3
Communication and marketing expenses	14.0	14.9	14.3	29.2	29.4	28.2	28.3
Professional services, other fees and charges	8.4	6.8	6.8	13.6	14.4	15.2	19.2
Administration expenses	4.1	4.4	1.7	6.1	-	-	-
Other general expenses	6.3	5.9	6.2	12.1	14.2	10.9	12.0
Depreciation and amortisation	3.2	4.6	4.8	9.4	8.6	7.8	7.1
Expenses	**182.1**	**178.0**	**180.5**	**358.5**	**403.5**	**406.8**	**437.1**
Underlying profit before taxes	**75.4**	**65.1**	**55.0**	**120.1**	**197.8**	**216.7**	**233.1**
Underlying income tax expense	16.7	13.1	12.8	25.9	39.4	39.5	22.9
Underlying net profit	**58.7**	**52.0**	**42.2**	**94.2**	**158.4**	**177.2**	**210.2**
Acquisition-related items	13.2	2.2	6.4	8.6	(13.4)	(5.9)	(11.6)
Non-recurring items	(9.1)	(3.1)	6.0	2.9	(8.5)	(2.3)	2.6
Tax on acquisition-related items	3.1	1.2	0.3	1.5	(0.5)	-	-
Tax on non-recurring items	1.8	0.9	(1.6)	(0.7)	2.3	-	0.2
Non-recurring tax item	-	27.8	-	27.8	-	-	-
IFRS net profit	**67.7**	**81.0**	**53.3**	**134.3**	**138.3**	**169.0**	**201.4**
IFRS net profit attributable to:							
The shareholders of the Company	67.7	81.0	53.3	134.3	138.3	165.8	196.8
Non-controlling interests	-	-	-	-	-	3.2	4.6
Operating margin (%)[1]	29.3	26.1	22.5	24.3	32.8	33.2	33.2
Compensation ratio (%)[2]	48.8	50.3	53.7	52.0	48.3	48.2	49.1
Average personnel (FTEs)	960	1,003	1,042	1,023	1,093	1,082	1,091

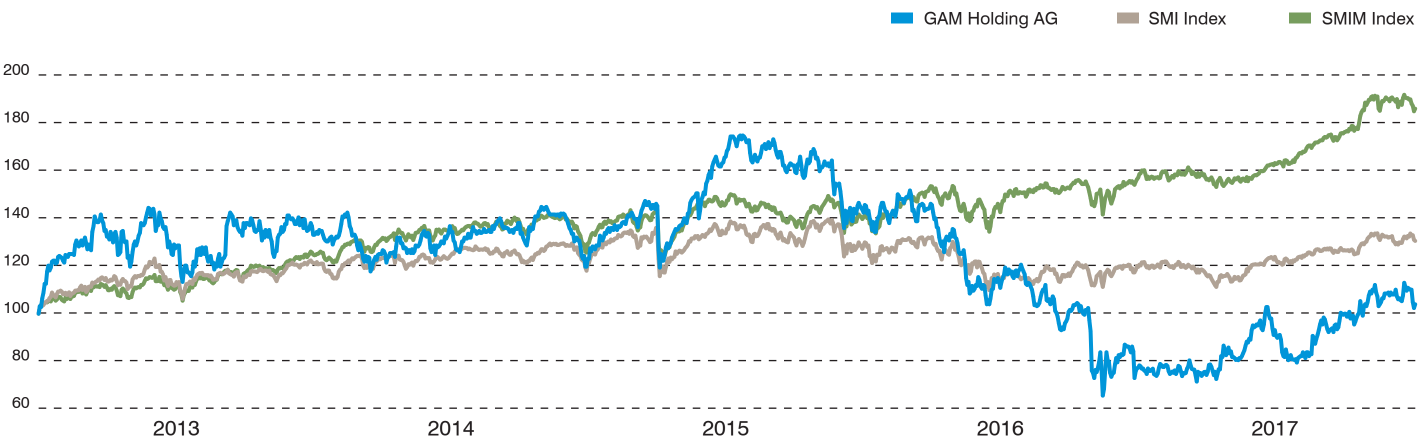
[1] (Net fee and commission income - expenses) / net fee and commission income.

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

	H1 2017	H2 2016	H1 2016	2016	2015	2014	2013
Assets under management at the end of the period (CHF bn)	**131.3**	**120.7**	**113.5**	**120.7**	**119.0**	**123.2**	**114.4**
in investment management	72.2	68.2	65.5	68.2	72.3	76.1	69.8
in private labelling	59.1	52.5	48.0	52.5	46.7	47.1	44.6
Average assets under management (CHF bn)	**126.4**	**118.2**	**115.7**	**117.2**	**123.3**	**119.6**	**117.6**
in investment management	70.0	67.7	68.5	68.3	73.7	72.9	73.1
in private labelling	56.4	50.5	47.2	48.9	49.6	46.7	44.5
Net flows (CHF bn)	**6.4**	**(1.7)**	**(4.7)**	**(6.4)**	**3.0**	**1.2**	**(3.7)**
in investment management	1.9	(5.1)	(5.6)	(10.7)	0.3	2.0	(2.6)
in private labelling	4.5	3.4	0.9	4.3	2.7	(0.8)	(1.1)
Net management fees and commissions (CHF m)	**238.4**	**238.9**	**231.6**	**470.5**	**517.8**	**542.9**	**554.1**
in investment management	218.7	220.3	214.1	434.4	476.2	501.6	515.2
in private labelling	19.7	18.6	17.5	36.1	41.6	41.3	38.9
Total fee margin in investment management (bps)	68.0	65.7	62.9	64.1	75.8	77.8	84.3
Management fee margin in investment management (bps)	62.5	65.1	62.5	63.6	64.6	68.8	70.5
Management fee margin in private labelling (bps)	7.0	7.3	7.4	7.4	8.4	8.8	8.7
Weighted average number of shares outstanding for basic EPS (m)	157.3	157.6	157.7	157.7	159.9	162.3	163.4
Basic underlying EPS (CHF)	0.37	0.33	0.27	0.60	0.99	1.07	1.26
Basic IFRS EPS (CHF)	0.43	0.51	0.34	0.85	0.87	1.02	1.20
Weighted average number of shares outstanding for diluted EPS (m)	158.0	157.8	157.8	157.8	160.8	163.4	166.0
Diluted underlying EPS (CHF)	0.37	0.33	0.27	0.60	0.98	1.06	1.24
Diluted IFRS EPS (CHF)	0.43	0.51	0.34	0.85	0.86	1.01	1.19
Dividend per share for the financial year (CHF)				0.65	0.65	0.65	0.65

SHARE INFORMATION

Share price performance (indexed)



Listing information

Swiss securities number	10265962
ISIN	CH0102659627
Listing	SIX Swiss Exchange and a component of the Swiss Market Index Mid (SMIM)

Share information CHF

	H1 2017	H2 2016	H1 2016	Change from H2 2016 in %	Change from H1 2016 in %
Closing price at the end of the period	12.85	11.80	10.35	9	24
Highest price	13.95	12.00	16.30	16	(14)
Lowest price	9.82	8.83	8.10	11	21
Market capitalisation at the end of the period (CHF m)[1]	2,060	1,891	1,691	9	22

Treasury shares

	30.06.2017	31.12.2016	30.06.2016	Change from 31.12.2016 in %	Change from 30.06.2016 in %
Shares issued	160,294,731	160,294,731	163,394,731	0	(2)
Treasury shares	(3,241,379)	(2,798,816)	(5,832,587)	16	(44)
Shares outstanding	157,053,352	157,495,915	157,562,144	0	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.

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