HALF-YEAR 2019 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.

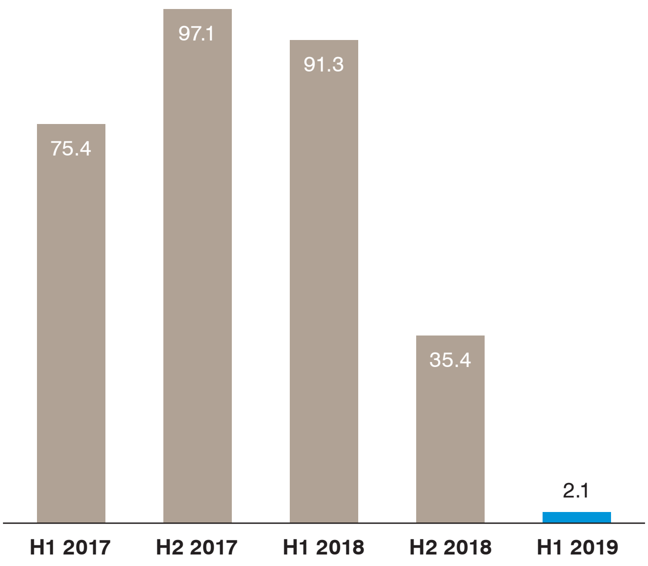
GAM Investments

CONTENTS

KEY FIGURES

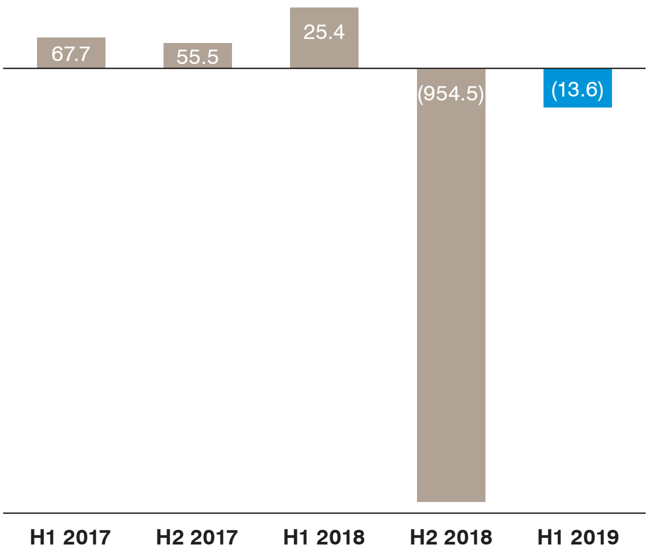
Underlying profit before taxes (CHF m)

CHF 2.1 m



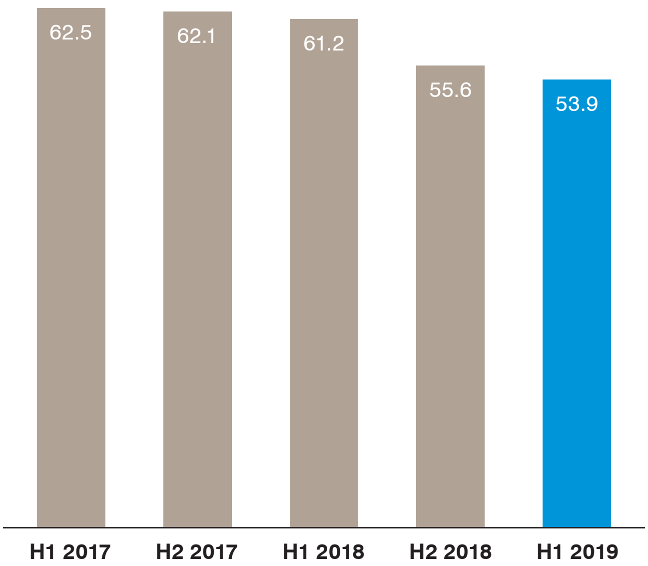
IFRS net (loss)/profit (CHF m)

CHF (13.6) m



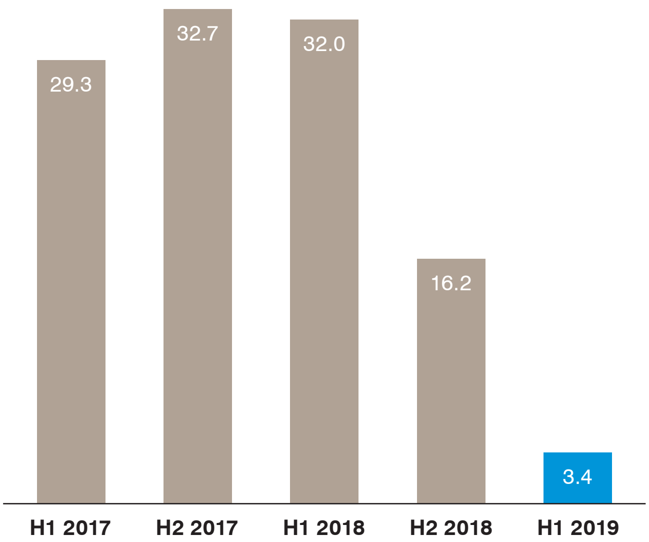
Management fee margin – investment management (bps)

53.9 bps



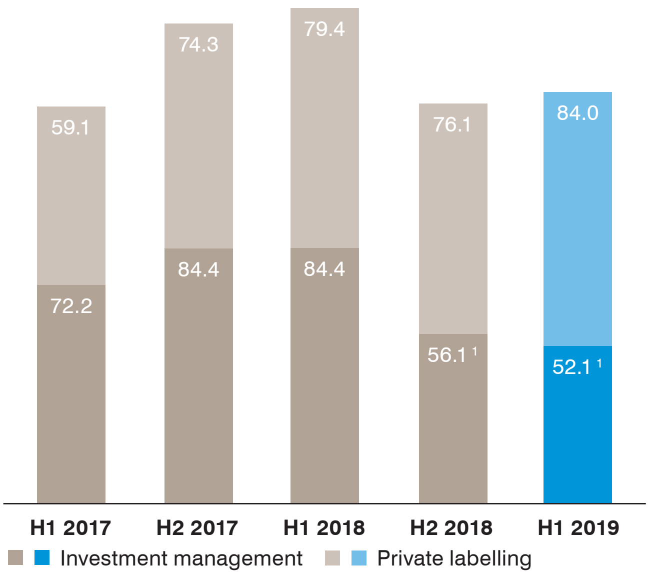
Operating margin (%)

3.4 %



Assets under management (CHF bn)

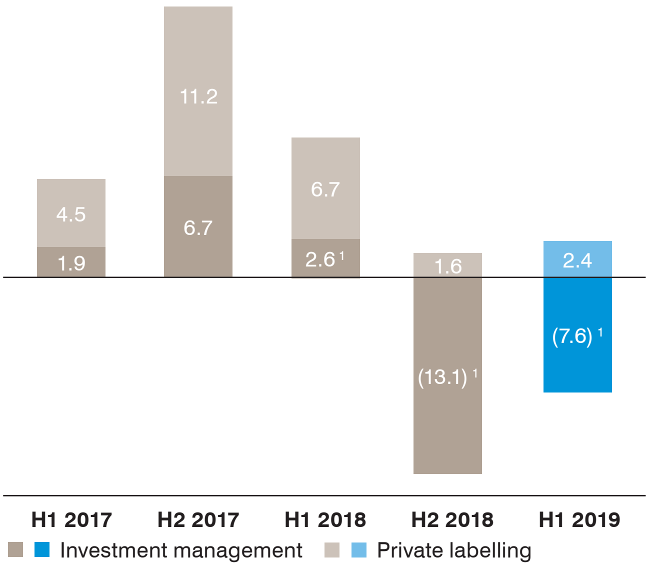
CHF 136.1 bn



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

Net flows (CHF bn)

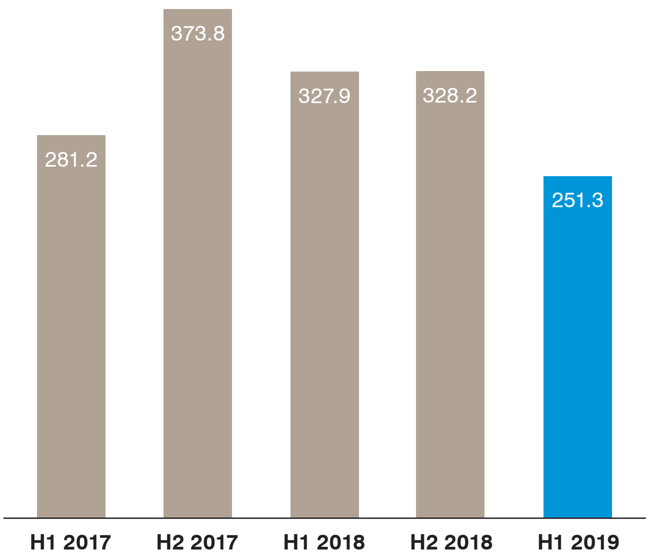
CHF (5.2) bn



[1] Including ARBF-related net inflows in H1 2018 of CHF 0.3 billion, excluding ARBF-related net flows in H2 2018 and H1 2019, and excluding fund assets liquidated as at 31 December 2018 and 30 June 2019.

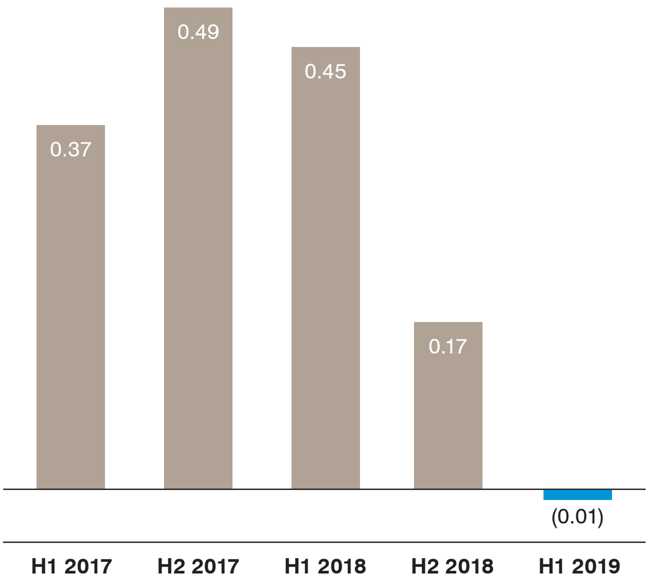
Net cash (CHF m)

CHF 251.3 m



Diluted underlying EPS (CHF)

CHF (0.01)



THE BUSINESS REVIEW

OUR STRATEGY

Our mission

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

Our strategy

We are an independent global asset management firm built by investors, for investors. With a heritage spanning more than 35 years, we invest our clients' capital using active strategies across discretionary, systematic and specialist solutions.

Our strategic priorities are attractive investment performance, differentiated and commercially compelling products, global distribution strength, operating efficiency and sound risk management. We execute on these priorities with a performance culture motivated by sustainable growth for all stakeholders. We create shareholder value through long-term earnings growth and predictable capital returns.

At GAM, we seek attractive investment returns from active, high-conviction strategies managed by independent and talented teams. We value original thinking, integrity and a disciplined approach to investing. GAM has no 'house view' to constrain investment decisions, and we encourage collaboration and knowledge sharing among our managers to enhance outcomes for our clients. Success is measured 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 according to geography, client segment and distribution expertise. Our product shelf is continually managed by adding strategies with growth potential and consolidating products where client demand changes.

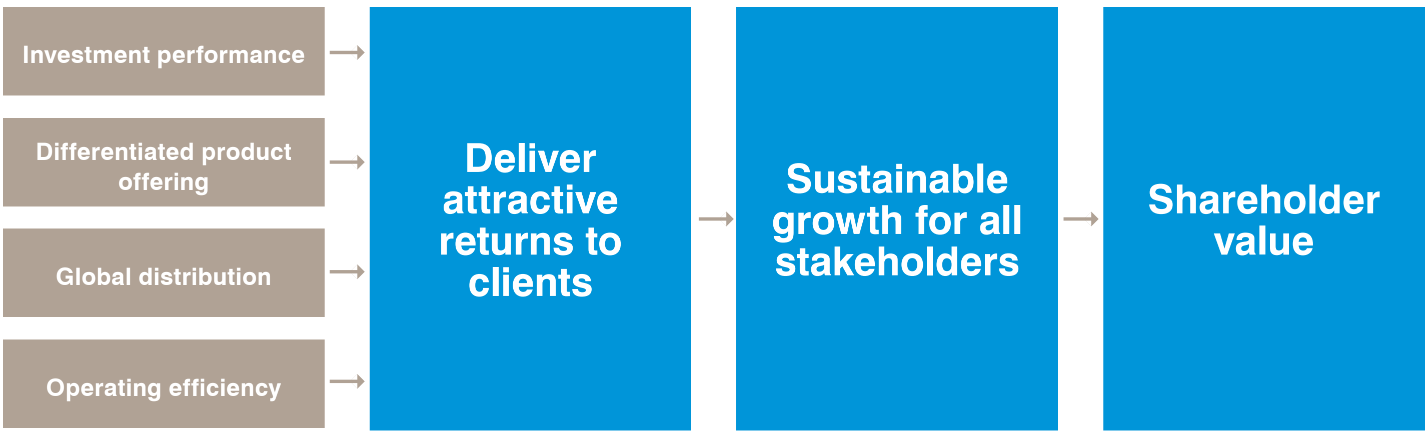
We distribute our products globally and have offices in 14 countries to service our client base. Our company is client-focused in all areas, and we support institutional, intermediary and private clients with relationship managers, product specialists, marketing and client-servicing professionals. We match our distribution strength to core geographies and products as well as growth opportunities.

We continually seek efficiencies through tight cost control and appropriate investment in our operating platform and control environment. We see substantial benefits in simplifying, consolidating and streamlining our administrative processes, servicing and IT support. Together, the steps we have taken are leading to a highly-aligned and stable business model able to support growth with limited incremental resources. In addition to our investment management business, we continue to expand our private labelling business, which is highly complementary and provides attractive operating leverage.

As announced in December 2018, we have decided to suspend our mid-to-long-term financial targets. Before we can set new targets, we need to further stabilise our business and return to a sustained period of growth.

The Group's dividend policy targets a minimum pay-out ratio of 50% of the underlying net profit. In addition, after considering appropriate organic

Our business model



investments in the business, we would evaluate the return of any future excess capital to shareholders through appropriate means.

Update on strategic priorities

Investment platform

We have completed the repositioning of our fixed income and equity teams in London, Zurich and New York, as announced in the fourth quarter of 2018. This has enabled us to better align our investment capabilities, reduce business complexity and enhance the ability to capture growth in areas where we have recognised expertise.

Differentiated product offering

We focus on areas where we have dedicated expertise and where we clearly see future growth opportunities, with products that are differentiated and scalable.

Completion of the liquidation of the unconstrained/absolute return bond fund (ARBF) strategy

On 30 July 2019, GAM completed the liquidation of its unconstrained/absolute return bond funds (ARBF) and as of this date, will have returned an average of 100.5%[1] of net asset value to clients relative to the valuations at the time the liquidation of the respective funds commenced. This marks an important milestone for GAM.

Throughout the liquidation process, GAM's priority has been to maximise liquidity and value for its clients, while treating all investors fairly. We believe that taking decisive action was the right and only thing to do and that it is important for us, entrusted as we are with our clients' money, to always uphold the highest standards of care. We know that this has been a difficult year for all our stakeholders, including our clients who were invested in the ARBF strategy, but we believe that we have taken the appropriate steps. We announced the need to liquidate the funds as soon as it became apparent that to do otherwise would hamper our ability to treat clients fairly. We immediately stopped charging management fees on the impacted funds, were transparent in our projections of payback intervals and achieved almost all of those milestones in a timely manner.

Having made the final payments to our clients, GAM intends to put this issue behind it and fully focus on stabilising the business for future growth, executing on the restructuring programme and delivering value for our clients and shareholders.

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

In the first half of 2019, we continued to leverage our systematic platform to address the growing demand for quantitative investments through the launch of the GAM Systematic Dynamic Credit fund. This strategy seeks to generate long-term outperformance to global credit markets while providing downside protection by dynamically reducing credit exposure in a challenging credit environment. During the first half of 2019, we closed a further eight funds, leaving 147 funds across our capabilities available to our clients.

In addition, we have entered into an agreement with Zürcher Kantonalbank (ZKB) to sell our precious metals and money market funds with combined assets under management of CHF 2.2 billion as at 30 June 2019. The fair value of the total consideration is expected to be CHF 14.0 million and will be fully paid in cash at completion. The transaction is expected to close during the third quarter of 2019. GAM will continue to act as the fund management company through its private labelling business, while ZKB will be responsible for the investment management and the distribution of the funds.

Global distribution

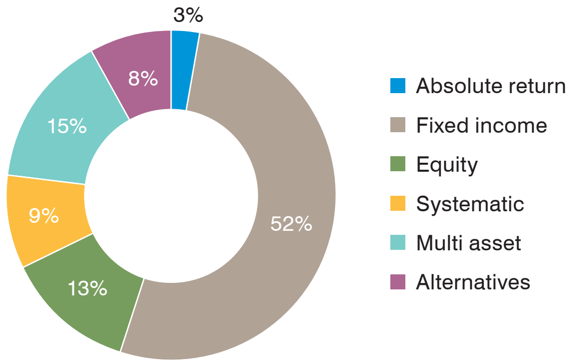
GAM's global distribution strategy is to build on our regional footprint and leverage our global institutional and consultant relationships. In our core European markets, we draw on our longstanding and deep client relationships, which give us an in-depth understanding of regional client demand. Asia, including Australia, represents a key growth market where we have established a regional network of offices. In Latin America, we aim to gain further traction by selectively expanding our activities into additional countries through our existing presence. Our North American business is focusing on institutional growth opportunities by further leveraging the success we have had with our systematic-quant and equity strategies as well as emerging market debt.

Operating efficiency

We are well on track with the implementation of the comprehensive Group-wide restructuring programme launched in December 2018 to reduce costs and complexity. It focuses on four key areas: optimising our investment teams and distribution footprint, streamlining our operations and support functions as well as refining our corporate structures. This programme will allow us to reduce our fixed personnel and general expenses by at least CHF 40 million by the end of 2019, with a minimum of one third of the savings to be achieved in the 2019 financial results and the full benefit in 2020. While going through the restructuring process, we will continue to look for ways to simplify the business and achieve further efficiency gains in 2020 and 2021.

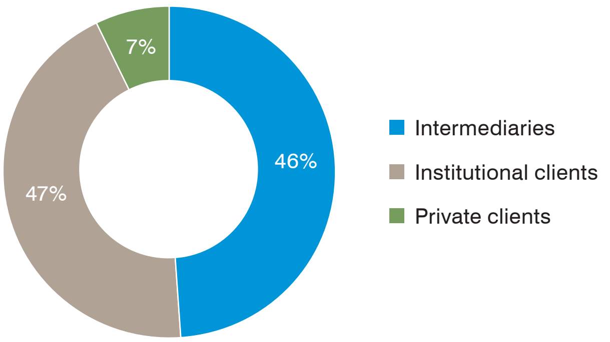
BUSINESS AND RESULTS OVERVIEW

Investment management assets by capability[1]



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

Investment management assets by client segment[1]



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

Investment management snapshot

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

89%

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

155

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

69

relationship managers serving our global client base, supported by 84 employees in marketing, sales support and product specialist roles

77%

of assets in funds outperformed their benchmark over three years

Private labelling snapshot

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

11%

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

10

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

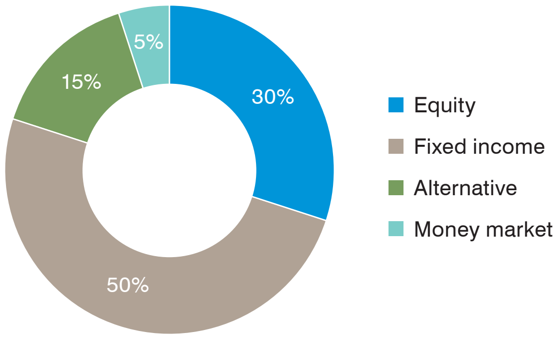
4

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

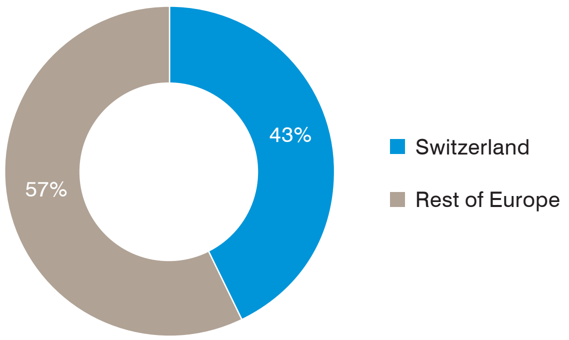
215

third party funds operated for our clients

Private labelling assets by asset class



Private labelling assets by fund domicile



OUR BUSINESSES

Investment management

The first half of 2019 was impacted by continued investor uncertainty regarding prospects for global growth, earnings and economic policy. Although equity markets recovered from their lows at year-end 2018, the greatest returns were attributable to higher quality companies and those benefiting from falling bond yields, rather than more cyclically sensitive sectors and stocks. Investors initially took comfort from signs that the Fed and the ECB were prepared to ease monetary policy, if required, but remained unsettled by trade frictions and geopolitical risks. High quality government bonds rallied strongly in anticipation that the Fed would cut interest rates and the ECB would delay the normalisation of its monetary policy stance.

During the first quarter of 2019, GDP growth in advanced economies proved to be more resilient than initially feared. Investor confidence was also underpinned in early 2019 by hopes that trade frictions might subside and that a hard Brexit could be avoided.

Midway through the second quarter, volatility returned. The inability of the US and China to reach an agreement on trade and renewed Brexit uncertainty weighed on sentiment. Fears of weaker growth drove down bond yields and the US yield curve inverted, raising concerns about recession. The outlook for corporate profits growth also reduced given cost pressures on margins and lower profits compared with last year.

Over the three-year period to 30 June 2019, 77% of our assets under management in funds outperformed their respective benchmark, compared with 66% that outperformed over three years to 31 December 2018. Over the five-year period to 30 June 2019, 75% of our assets under management in funds outperformed their respective benchmark, compared with 63% that outperformed over five years to 31 December 2018. Over 80% of GAM's assets under management tracked by Morningstar[1] outperformed their respective peer groups over the three and five-year periods to 30 June 2019.

Assets under management as at 30 June 2019 amounted to CHF 52.1 billion[2], down from CHF 56.1 billion[3] as at 31 December 2018. The positive net investment performance and foreign exchange movements of CHF 3.6 billion were offset by net outflows of CHF 7.6 billion[4] from our investment management business.

While net outflows in the first quarter of 2019 totalled CHF 4.0 billion[5], they amounted to CHF 3.6 billion[6] in the second quarter. Redemptions of CHF 4.5 billion[7] were recorded from financial intermediaries, institutional clients redeemed CHF 2.5 billion[8] and private clients CHF 0.6 billion.

Investment management assets (CHF bn)

Capability	Opening AuM 1 Jan 2019	Net flows H1 2019	Market/FX H1 2019	Closing AuM 30 Jun 2019	Management fee margin H1 2019 (bps)
Fixed income	29.2	(3.3)	1.2	27.1	56
Equity	8.7	(2.8)	1.2	7.1	69
Multi asset	7.7	(0.4)	0.5	7.8	21
Alternatives	4.4	(0.4)	0.2	4.2	41
Systematic	4.2	(0.2)	0.5	4.5	67
Absolute return	1.9 [3]	(0.5) [4]	-	1.4 [2]	108
Total	**56.1** [3]	**(7.6)** [4]	**3.6**	**52.1** [2]	**53.9**

Client segment	Opening AuM 1 Jan 2019	Net flows H1 2019	Market/FX H1 2019	Closing AuM 30 Jun 2019
Intermediaries	27.4	(4.5) [7]	1.0	23.9
Institutional clients	24.7	(2.5) [8]	2.3	24.5
Private clients	4.0	(0.6)	0.3	3.7
Total	**56.1** [3]	**(7.6)** [4]	**3.6**	**52.1** [2]

[1] The peer group comparison is based on 'industry-standard' Morningstar Direct Sector Classification. The share class preferences in Morningstar have been set to capture the oldest institutional accumulation share class for each and every fund in a given peer group. [2] Excluding CHF 1.0 billion ARBF-related AuM in liquidation as at 30 June 2019. [3] Excluding CHF 1.45 billion ARBF-related AuM in liquidation as at 31 December 2018. [4] Excluding CHF 0.5 billion ARBF-related AuM liquidated during H1 2019. [5] Excluding CHF 0.1 billion ARBF-related AuM liquidated during the first quarter of 2019. [6] Excluding CHF 0.4 billion ARBF-related AuM liquidated during the second quarter of 2019. [7] Excluding CHF 0.1 billion ARBF-related AuM liquidated during H1 2019. [8] Excluding CHF 0.4 billion ARBF-related AuM liquidated during H1 2019.

Our specialist fixed income strategies saw net outflows of CHF 3.3 billion. The majority of these outflows were recorded in the GAM Greensill Supply Chain Finance fund, with large inflows and outflows being characteristic of this business. The GAM Emerging Bond and GAM Local Emerging Bond funds as well as some institutional mandates also recorded client redemptions, while the GAM Star Credit Opportunities and the GAM FCM Cat Bond funds saw net inflows.

In equity, net outflows amounted to CHF 2.8 billion, mainly driven by client redemptions from the GAM Star Asia Pacific Equity, GAM Star Continental European Equity, GAM Japan Equity, GAM Star China Equity as well as the GAM Euroland Value Equity funds.

Net outflows from multi asset strategies were CHF 0.4 billion, primarily driven by redemptions from private clients.

Alternatives recorded net outflows of CHF 0.4 billion, primarily reflecting outflows from the GAM Physical Gold and GAM Commodity funds which were partly offset by inflows into an existing Swiss institutional mandate.

Systematic saw net outflows of CHF 0.2 billion. This was driven by outflows from the CCP Core Macro and CCP Quantitative funds, which were partly offset by inflows into the GAM Systematic Alternative Risk Premia Plus fund.

Absolute return recorded net outflows of CHF 0.5 billion[4], which were primarily driven by redemptions from the GAM Star (Lux) European Alpha, GAM Star Global Rates and GAM Absolute Return Europe funds.

Investment performance[1]

Capability	3 years 30 Jun 2019	3 years 31 Dec 2018	5 years 30 Jun 2019	5 years 31 Dec 2018
Fixed income	82%	81%	81%	80%
Equity	68%	24%	60%	17%
Alternatives[2]	28%	24%	18%	15%
Systematic	88%	60%	88%	47%
Absolute return	55%	49%	50%	53%
Total	**77%**	**66%**	**75%**	**63%**

[1] % of AuM in funds outperforming their benchmark (excluding mandates and segregated accounts). Three and five-year investment performance based on applicable AuM of CHF 33.9 billion and CHF 32.4 billion respectively.

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

Private labelling

Assets under management in private labelling, which provides fund solutions for third parties, rose to CHF 84.0 billion as at 30 June 2019 from CHF 76.1 billion as at 31 December 2018. In the first half of 2019, the business recorded net inflows of CHF 2.4 billion, with CHF 1.9 billion in the first and CHF 0.5 billion in the second quarter. Market performance and foreign exchange movements in the first half of 2019 had a positive net effect of CHF 5.5 billion.

Our Luxembourg-based fund management company ranked in the top three in terms of third party assets under management according to the latest release of PwC's Observatory for Management Companies – 2019 Barometer, published as at 31 December 2018.

Spotlight on alternative risk premia (ARP)

ARP strategies are effectively an extension of the factor investing approach across multiple factors and asset classes, and applied beyond long-only equities. The objective is to find sources of return historically referred to as alpha but which have now become recognised as 'alternative beta' or 'alternative risk premia'. The ARP concept now has a very firm footprint among the global investor community. This is largely because ARP strategies have the potential to generate performance patterns which have, until recently, remained relatively uncaptured or were accessible only to the most sophisticated hedge fund managers, charging high fees. As a result, ARP strategies have become appealing to investors seeking more transparent, liquid and cost-efficient investments.

ARP models are not as generic as many investors and academics appear to believe and, over the last few years, the growing popularity of ARP has led to a proliferation in the number of products and strategies offered – thus giving rise to a widespread belief that ARP is easy to implement. GAM, in contrast to a large proportion of managers in the ARP universe, has a proven track record in this segment spanning over seven years and some of its team members have been trading ARP for almost 15 years. Our extensive and unparalleled experience shows us that a robust investment approach, extensive research and thoughtful portfolio construction can shape future outcomes for the better when managing ARP strategies. This view was validated in 2018 when the spread of returns by ARP managers was very wide, with a few managers, including GAM, significantly outperforming the bulk of competitors. In the first six months of 2019, during a period of risk-on, risk-off gyrations across a number of asset classes, GAM's ARP strategies delivered a robust return of 3.96%.

FINANCIAL REVIEW

How we report results

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

Our results are reported in accordance with International Financial Reporting Standards (IFRS), but as in previous years, our internal analysis and external disclosure of our financial performance focuses on underlying profitability. The adjustments we make from IFRS to underlying results are always related to specific non-recurring events or items related to acquisition activities that are neither indicative of the underlying performance of our business nor of its future 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. It is important that the use of equity-linked instruments and share-based awards in our compensation structure is reflected in this earnings measure.

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.

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.

Net flows represent the net asset additions or redemptions by clients. For our investment management business, we additionally disclose the net flows by individual capability and client segment. These developments are discussed in the 'Our businesses' section on pages 10–11.

Assets under management and net flows

Group assets under management, including investment management and private labelling, of CHF 136.1 billion[2] as at 30 June 2019, were up from CHF 132.2 billion[3] as at 31 December 2018.

Investment management assets decreased by CHF 4.0 billion to CHF 52.1 billion[2] from CHF 56.1 billion[3] as at 31 December 2018. This was driven by net outflows of CHF 7.6 billion[4], partially offset by positive net market and foreign exchange movements of CHF 3.6 billion. Private labelling assets increased by CHF 7.9 billion to CHF 84.0 billion compared to CHF 76.1 billion at the end of 2018. Net inflows amounted to CHF 2.4 billion and market and foreign exchange movements resulted in a positive net impact of CHF 5.5 billion.

Income drivers and developments

Management fee margins

The management fee margin earned on investment management assets in the first half of 2019 was 53.9 basis points, in line with the December exit margin of 54 basis points. This compares to 61.2 basis points in the same period last year. The change in the mix of assets under management across products and client segments, in particular outflows from higher-margin products, were the main contributors to this decline.

In private labelling, the management fee margin was 4.3 basis points, compared with 6.2 basis points in the same period one year ago, but in line with the 2019 guidance given earlier this year of approximately 4 basis points. The reduction primarily reflects a lower margin on new assets compared with the existing portfolio and the move of one large client to a more appropriate market rate with a long-term contract.

Management fees

Net management fees and commissions in the first half of 2019 totalled CHF 165.7 million, down 42% from CHF 285.4 million in the previous year. This was driven by a decline in average assets under management in investment management and a reduction in the management fee margins for both, investment management and private labelling, only partly offset by higher average assets under management in private labelling.

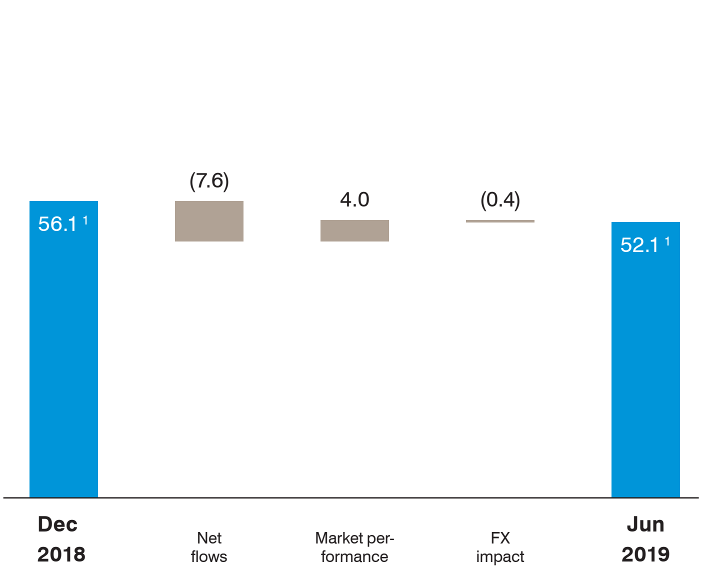
Performance fees

Net performance fees increased to CHF 5.4 million in the first half of 2019 from CHF 2.3 million in the previous year, mainly driven by GAM's systematic and specialist fixed income strategies.

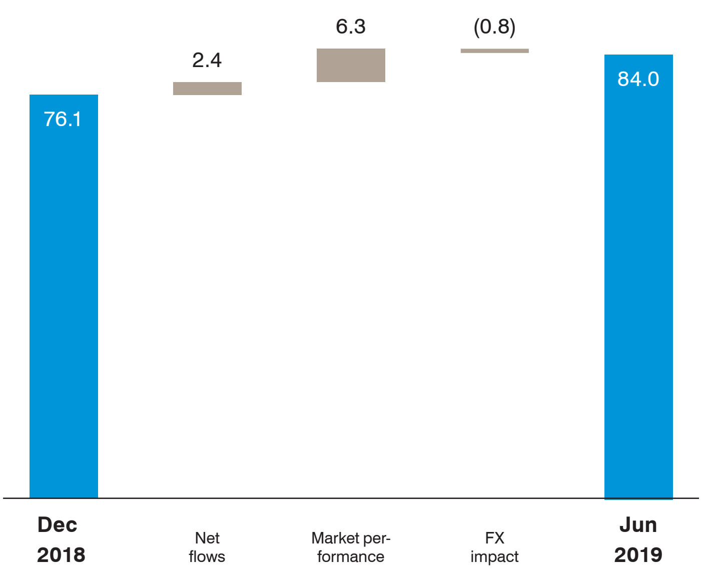
Net other income

Net other income includes the net interest income and expenses, the impact of foreign exchange movements, gains and losses on seed capital investments and hedging as well as fund-related fees and service charges. In the first half of 2019, we

Investment management AuM movements (CHF bn)



Private labelling AuM movements (CHF bn)



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

reported a net expense of CHF 3.8 million compared to CHF 0.7 million the first half of 2018. This was mainly driven by the impact of the new IFRS lease standard adopted in January 2019 resulting in higher interest charges as well as lower rental income due to our London office move and net seed capital losses.

Expense drivers and developments

Personnel expenses

Personnel expenses were CHF 104.0 million, a decrease of 19% from CHF 128.9 million in the first half of 2018. Variable compensation was down 41% compared to the first half of 2018, primarily due to lower accruals for contractual and discretionary bonuses driven by lower revenues. Fixed personnel costs decreased by 5%, driven by lower headcount which declined from 935 FTEs as at 30 June 2018 to 863 FTEs as at 30 June 2019.

Compensation ratio

Our compensation ratio increased to 60.8% from 44.8% in the first half of 2018, due to a decrease in net fee and commission income, only partly offset by a decrease in personnel expenses.

General expenses

General expenses in the first half of 2019 were CHF 52.1 million, down 18% from CHF 63.9 million in the same period last year. This was mainly driven by the implementation of restructuring measures as well as the application of the new IFRS lease standard as of January 2019. The latter resulted in a shift of occupancy-related expenses from general expenses to depreciation and amortisation. More information on the new lease standard can be found in note 19 of the condensed interim consolidated financial statements on page 39.

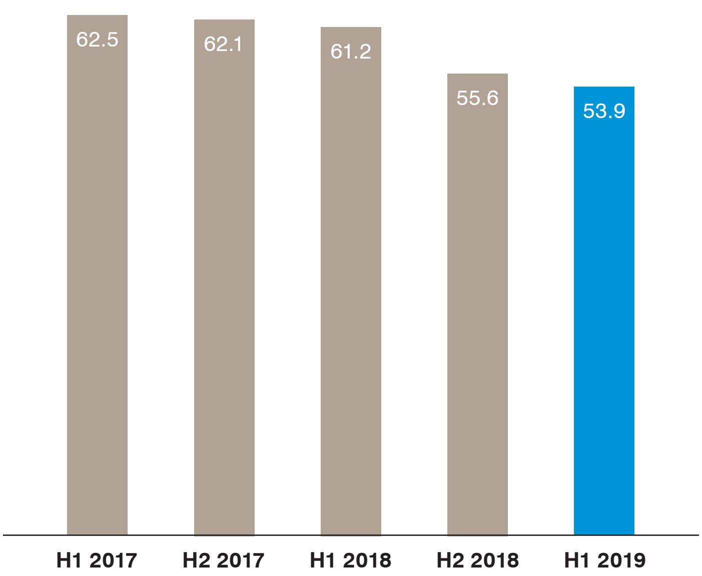
Depreciation and amortisation

Depreciation and amortisation charges were CHF 9.1 million, up from CHF 2.9 million in the same period last year as a result of the implementation of the new IFRS lease standard as of January 2019.

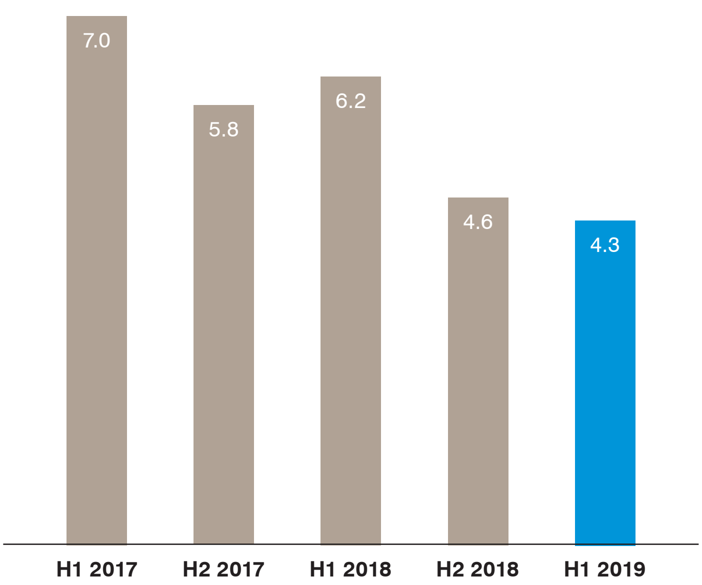
Operating margin

The operating margin in the first half of 2019 was 3.4%, compared with 32.0% in the same period last year. This was driven by a decrease in net fee and commission income that was only partly offset by a decrease in expenses.

Management fee margin – investment management (bps)



Management fee margin – private labelling (bps)



Underlying profitability and earnings per share

Underlying profit before taxes

The underlying pre-tax profit of CHF 2.1 million decreased from CHF 91.3 million in the first half of 2018, driven by lower net management fees and commissions only partly offset by lower expenses.

Effective tax rate

The underlying tax expense for the first half of 2019 was CHF 3.2 million. The disproportionate level of tax compared to profits was driven by non-taxable holding company costs and the impact of expenses which are not tax deductible.

Earnings per share

Diluted underlying earnings per share were negative at CHF 0.01. This represents a reduction from CHF 0.45 in the first half of 2018 as a result of the underlying net loss of CHF 1.1 million.

IFRS net loss

The net loss according to IFRS was CHF 13.6 million in the first half of 2019, compared with a net profit of CHF 25.4 million in the same period last year. This change mainly reflects the underlying net loss compared to profits in the same period last year, partly offset by an impairment charge in the first half of 2018 relating to Cantab investment management and client contracts.

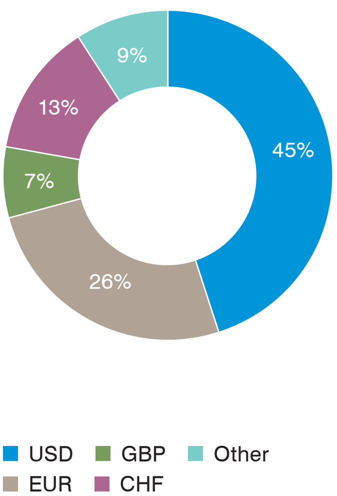
Non-recurring and acquisition-related items excluded from underlying profits

The following items reflected in our results according to IFRS are excluded from our underlying results:

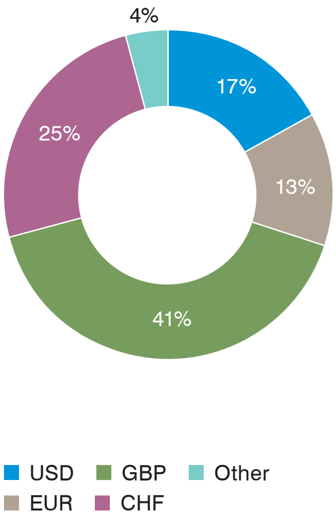
Non-recurring items resulted in a net loss of CHF 7.0 million (all items net of taxes). Items include, among others, costs related to ARBF matters and restructuring costs. In the first half of 2018, the non-recurring items resulted in a net loss of CHF 60.8 million, mainly driven by the impairment of investment management and client contracts related to the acquisition of Cantab, as a result of lower assets under management and cash flows compared with those forecast at the time of the acquisition as well as reorganisation charges of CHF 2.6 million.

Acquisition-related items resulted in a net loss of CHF 5.5 million (all items net of taxes). These mainly include the amortisation of investment management and client contracts from previously acquired businesses and finance charges on deferred consideration liabilities. In the first half of 2018, the acquisition-related items resulted in a net credit of CHF 14.5 million. These included adjustments to the deferred consideration liabilities related to the acquisition of Cantab of CHF 29.7 million and Arkos (now GAM Lugano) of CHF 0.8 million. The credit from the reduction in these liabilities was partly offset by the amortisation of investment management and client contracts and finance charges on the deferred consideration liabilities.

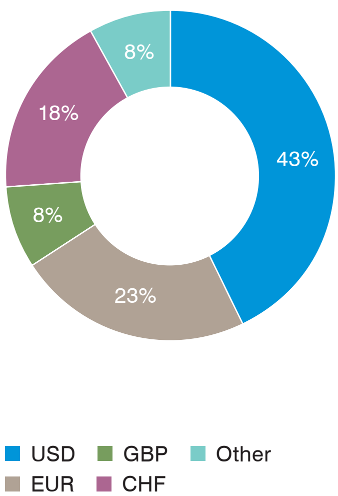
Group income[1]



Group expenses[2]



Investment management AuM[3]



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

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

[3] Excluding CHF 1.0 billion ARBF-related assets under management in liquidation as at 30 June 2019.

Balance sheet and capital management

Assets and net cash

Total assets as at 30 June 2019 were CHF 1,314.3 million, compared with CHF 1,258.3 million as at 31 December 2018. These include goodwill and other intangible assets of CHF 649.7 million which decreased slightly compared to year-end 2018, mainly due to the amortisation of investment management and client contracts.

Cash and cash equivalents were CHF 251.3 million, down from CHF 328.2 million as at 31 December 2018, primarily reflecting compensation payments for the financial year 2018 as well as acquisition-related deferred consideration payments and expenditures made in relation to the restructuring programme.

Liabilities and tangible equity

Total liabilities as at 30 June 2019 were CHF 490.2 million, up from CHF 419.1 million as at 31 December 2018. The increase mainly relates to lease liabilities recognised as a result of the implementation of the new lease standard as of January 2019.

Tangible equity as at 30 June 2019 was CHF 174.4 million, compared with CHF 184.6 million at year-end 2018. The decrease was primarily driven by the IFRS net loss reported for the first half of 2019.

As at 30 June 2019, the Group had no financial debt, as in previous years. However, the Group has undrawn credit facilities with two banks totalling CHF 80 million, which are subject to customary financial covenants, providing the Group with further flexibility over its cash and capital resources.

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

Share buy-back programme 2017-2020

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

Group income statement

	H1 2019 CHF m	H2 2018 CHF m	H1 2018 CHF m	Change from H2 2018 in %	Change from H1 2018 in %
Net management fees and commissions	165.7	210.0	285.4	(21)	(42)
Net performance fees	5.4	2.2	2.3	145	135
Net fee and commission income	**171.1**	**212.2**	**287.7**	**(19)**	**(41)**
Net other (expenses)/income	(3.8)	1.0	(0.7)	-	-
Income	**167.3**	**213.2**	**287.0**	**(22)**	**(42)**
Personnel expenses	104.0	110.7	128.9	(6)	(19)
Fixed personnel expenses	73.6	76.7	77.2	(4)	(5)
Variable personnel expenses	30.4	34.0	51.7	(11)	(41)
General expenses	52.1	63.8	63.9	(18)	(18)
Occupancy	3.7	10.9	11.3	(66)	(67)
Technology and communication	11.0	6.6	7.5	67	47
Data and research	10.7	11.9	11.5	(10)	(7)
Professional and consulting services	10.3	6.7	10.9	54	(6)
Marketing and travel	6.6	8.6	9.0	(23)	(27)
Administration	3.6	4.4	5.1	(18)	(29)
Other general expenses	6.2	14.7	8.6	(58)	(28)
Depreciation and amortisation	9.1	3.3	2.9	176	214
Expenses	**165.2**	**177.8**	**195.7**	**(7)**	**(16)**
Underlying profit before taxes	**2.1**	**35.4**	**91.3**	**(94)**	**(98)**
Underlying income tax expense	3.2	8.9	19.6	(64)	(84)
Underlying net (loss)/profit	**(1.1)**	**26.5**	**71.7**	**-**	**-**
Acquisition-related items	(6.3)	7.0	11.4	-	-
Non-recurring items	(7.5)	(1,005.0)	(73.5)	-	-
Tax on acquisition-related items	0.8	1.7	3.1	-	-
Tax on non-recurring items	0.5	19.9	12.7	-	-
Non-recurring tax item	-	(4.6)	-	-	-
IFRS net (loss)/profit	**(13.6)**	**(954.5)**	**25.4**	**-**	**-**

CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET

ADDITIONAL NOTES

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	H1 2019 CHF m	H2 2018 CHF m	H1 2018 CHF m	Change from H2 2018 in %	Change from H1 2018 in %
Net management fees and commissions	2	165.7	210.0	285.4	(21)	(42)
Net performance fees	2	8.3	2.2	2.6	277	219
Net fee and commission income	2	**174.0**	**212.2**	**288.0**	**(18)**	**(40)**
Net other (expenses)/income	3	(9.5)	16.7	25.7	-	-
Income		**164.5**	**228.9**	**313.7**	**(28)**	**(48)**
Personnel expenses	4	103.8	129.9	125.2	(20)	(17)
General expenses	5	58.8	90.8	69.4	(35)	(15)
Depreciation and amortisation		12.9	12.2	18.8	6	(31)
Impairment losses	6	0.7	958.6	71.1	(100)	(99)
Expenses		**176.2**	**1,191.5**	**284.5**	**(85)**	**(38)**
(Loss)/profit before taxes		**(11.7)**	**(962.6)**	**29.2**	**-**	**-**
Income tax expense/(credit)		1.9	(8.1)	3.8	-	(50)
Net (loss)/profit attributable to the shareholders of the Company		**(13.6)**	**(954.5)**	**25.4**	**-**	**-**
(Loss)/earnings per share						
Basic (loss)/earnings per share (CHF)	8	(0.09)	(6.16)	0.16	-	-
Diluted (loss)/earnings per share (CHF)	8	(0.09)	(6.16)	0.16	-	-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	H1 2019 CHF m	H2 2018 CHF m	H1 2018 CHF m
Net (loss)/profit attributable to the shareholders of the Company	**(13.6)**	**(954.5)**	**25.4**
Remeasurements of pension liabilities	(5.3)	(22.8)	35.2
Income tax credits/(charges) relating to remeasurements of pension liabilities	0.8	6.1	(7.6)
Items that will not be reclassified subsequently to the income statement, net of taxes	**(4.5)**	**(16.7)**	**27.6**
Translation differences	(4.1)	(8.6)	(0.6)
Items that may be reclassified subsequently to the income statement, net of taxes	**(4.1)**	**(8.6)**	**(0.6)**
Other comprehensive (loss)/income, net of taxes	**(8.6)**	**(25.3)**	**27.0**
Total comprehensive (loss)/income attributable to the shareholders of the Company	**(22.2)**	**(979.8)**	**52.4**

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30.06.2019 CHF m	31.12.2018 CHF m	Change from 31.12.2018 in %
Cash and cash equivalents		251.3	328.2	(23)
Trade and other receivables		112.0	39.6	183
Accrued income and prepaid expenses		102.6	94.7	8
Financial investments		11.6	30.6	(62)
Employee benefit asset		1.2	-	-
Assets held for sale	10	47.2	42.9	10
Current assets		**525.9**	**536.0**	**(2)**
Financial investments and other financial assets		5.9	5.6	5
Employee benefit asset		4.3	0.9	378
Deferred tax assets		36.9	37.1	(1)
Property and equipment		91.6	24.1	280
Goodwill and other intangible assets		649.7	654.6	(1)
Non-current assets		**788.4**	**722.3**	**9**
Assets		**1,314.3**	**1,258.3**	**4**
Trade and other payables		80.5	32.8	145
Other financial liabilities		23.1	18.3	26
Accrued expenses and deferred income		187.2	219.5	(15)
Current tax liabilities		2.1	1.2	75
Provisions	11	22.0	31.7	(31)
Liabilities held for sale	10	12.5	1.9	558
Current liabilities		**327.4**	**305.4**	**7**
Financial liabilities		81.6	28.7	184
Provisions	11	3.9	6.7	(42)
Pension liabilities		71.8	72.0	0
Deferred tax liabilities		5.5	6.3	(13)
Non-current liabilities		**162.8**	**113.7**	**43**
Liabilities		**490.2**	**419.1**	**17**
Share capital		8.0	8.0	0
Capital reserves		893.4	893.4	0
Retained earnings		96.5	115.3	(16)
Foreign currency translation reserve		(109.5)	(105.4)	4
Treasury shares	12	(64.3)	(72.1)	(11)
Equity attributable to the shareholders of the Company		**824.1**	**839.2**	**(2)**
Liabilities and equity		**1,314.3**	**1,258.3**	**4**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital CHF m	Capital reserves CHF m	Retained earnings CHF m	Foreign currency translation reserve CHF m	Treasury shares CHF m	**Equity attributable to the share-holders of the Company CHF m**
Balance at 1 January 2018		**8.0**	**995.0**	**1,027.3**	**(96.2)**	**(51.5)**	**1,882.6**
Net profit attributable to the shareholders of the Company		-	-	25.4	-	-	**25.4**
Other comprehensive income, net of taxes [1]		-	-	27.6	(0.6)	-	**27.0**
Total comprehensive income		**-**	**-**	**53.0**	**(0.6)**	**-**	**52.4**
Dividends paid		-	(101.6)	-	-	-	**(101.6)**
Share-based payment expenses, net of taxes	9	-	-	7.7	-	-	**7.7**
Acquisitions of own shares and derivatives on own shares	12	-	-	-	-	(27.4)	**(27.4)**
Disposals of own shares and derivatives on own shares	12	-	-	(7.3)	-	7.3	**-**
Total transactions with shareholders of the Company		**-**	**(101.6)**	**0.4**	**-**	**(20.1)**	**(121.3)**
Balance at 30 June 2018		**8.0**	**893.4**	**1,080.7**	**(96.8)**	**(71.6)**	**1,813.7**
Net loss attributable to the shareholders of the Company		-	-	(954.5)	-	-	**(954.5)**
Other comprehensive loss, net of taxes [1]		-	-	(16.7)	(8.6)	-	**(25.3)**
Total comprehensive loss		**-**	**-**	**(971.2)**	**(8.6)**	**-**	**(979.8)**
Share-based payment expenses, net of taxes		-	-	6.8	-	-	**6.8**
Acquisitions of own shares and derivatives on own shares	12	-	-	-	-	(1.5)	**(1.5)**
Disposals of own shares and derivatives on own shares	12	-	-	(1.0)	-	1.0	**-**
Total transactions with shareholders of the Company		**-**	**-**	**5.8**	**-**	**(0.5)**	**5.3**
Balance at 31 December 2018		**8.0**	**893.4**	**115.3**	**(105.4)**	**(72.1)**	**839.2**
Net loss attributable to the shareholders of the Company		-	-	(13.6)	-	-	**(13.6)**
Other comprehensive loss, net of taxes [1]		-	-	(4.5)	(4.1)	-	**(8.6)**
Total comprehensive loss		**-**	**-**	**(18.1)**	**(4.1)**	**-**	**(22.2)**
Share-based payment expenses, net of taxes	9	-	-	7.1	-	-	**7.1**
Disposals of own shares and derivatives on own shares	12	-	-	(7.8)	-	7.8	**-**
Total transactions with shareholders of the Company		**-**	**-**	**(0.7)**	**-**	**7.8**	**7.1**
Balance at 30 June 2019		**8.0**	**893.4**	**96.5**	**(109.5)**	**(64.3)**	**824.1**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	H1 2019 CHF m	H2 2018 CHF m re-presented [1]	H1 2018 CHF m re-presented [1]
Net (loss)/profit attributable to the shareholders of the Company	**(13.6)**	**(954.5)**	**25.4**
Adjustments to reconcile net (loss)/profit to cash flow from operating activities			
Non-cash items included in net (loss)/profit:			
– Impairment losses	0.7	958.6	71.1
– Depreciation and amortisation	12.9	12.2	18.8
– Share-based payment expenses	6.7	7.7	7.8
– Other non-cash items	3.6	27.6	(1.2)
Net changes in:			
– Financial investments and other financial assets	24.8	(18.8)	26.4
– Trade and other receivables (excluding tax receivable)	(70.4)	(3.2)	15.8
– Trade and other payables	47.3	11.1	(2.6)
– Accrued expenses and deferred income (excluding accrued interest)	(33.3)	15.8	(36.8)
– Other assets and liabilities	(29.5)	(28.3)	(32.3)
Cash flow from operating activities	**(50.8)**	**28.2**	**92.4**
Payments of acquisition-related deferred consideration	(14.7)	-	(1.3)
Disposal of subsidiaries (net of cash)	-	0.1	-
Purchase of property, equipment and intangible assets	(6.0)	(18.9)	(4.8)
Cash flow from investing activities	**(20.7)**	**(18.8)**	**(6.1)**
Purchase of treasury shares	-	(1.5)	(27.4)
Payments of lease liabilities	(4.1)	-	-
Dividends paid to shareholders of the Company	-	-	(101.6)
Deferred payment for the acquisition of non-controlling interests	(0.8)	-	(2.2)
Cash flow from financing activities	**(4.9)**	**(1.5)**	**(131.2)**
Effects of exchange rate changes on cash and cash equivalents	(0.5)	(7.6)	(1.0)
Net (decrease)/increase in cash and cash equivalents	**(76.9)**	**0.3**	**(45.9)**
Cash and cash equivalents at the beginning of the period	328.2	327.9	373.8
Cash and cash equivalents at the end of the period	**251.3**	**328.2**	**327.9**

[1] Re-presentations have been made to the prior year figures to conform to the current year presentation.

NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

1. 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 when it is highly probable that a significant reversal will not occur. As a result, the earnings of GAM Holding AG (the Company) and all its subsidiaries (together referred to as the Group) 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.

2. Net fee and commission income

	H1 2019 CHF m	H1 2018 CHF m	Change in %
Investment management, advisory and other fees	417.1	577.1	(28)
Distribution, fee and commission expenses	(251.4)	(291.7)	(14)
Net management fees and commissions	**165.7**	**285.4**	**(42)**
of which investment management	148.3	261.6	(43)
of which private labelling	17.4	23.8	(27)
Performance fees	8.3	4.0	108
Performance fees paid to external investment managers	-	(1.4)	(100)
Net performance fees	**8.3**	**2.6**	**219**
Net fee and commission income	**174.0**	**288.0**	**(40)**

3. Net other (expenses)/income

	H1 2019 CHF m	H1 2018 CHF m	Change in %
Adjustments to deferred consideration liabilities	(1.6)	29.9	-
Net foreign exchange losses	(1.2)	(1.2)	-
Interest income	0.2	0.1	100
Interest expenses	(2.7)	(4.2)	-
Net losses on financial instruments at fair value through profit or loss	(1.3)	(0.7)	-
Performance fees attributed to external interests	(2.9)	(0.3)	-
Other	-	2.1	(100)
Net other (expenses)/income	**(9.5)**	**25.7**	**-**

Interest expenses include CHF 0.8 million for the unwinding of the discount effect on lease liabilities. For more information on the adoption of IFRS 16 Leases see note 19.

4. Personnel expenses

	H1 2019 CHF m	H1 2018 CHF m	Change in %
Salaries and bonuses	75.6	93.4	(19)
Social security expenses	8.2	10.3	(20)
Defined benefit pension plan expenses	4.8	4.3	12
Defined contribution pension plan expenses	4.1	4.4	(7)
Share-based payment expenses	6.7	7.8	(14)
Other personnel expenses	4.4	5.0	(12)
Personnel expenses	**103.8**	**125.2**	**(17)**

5. General expenses

	H1 2019 CHF m	H1 2018 CHF m	Change in %
Occupancy	3.7	11.3	(67)
Technology and communication	11.2	9.8	14
Data and research	10.7	11.5	(7)
Professional and consulting services	14.0	14.0	0
Marketing and travel	6.6	9.1	(27)
Administration	3.6	5.1	(29)
Other general expenses	9.0	8.6	5
General expenses	**58.8**	**69.4**	**(15)**

6. Impairment losses

H1 2019

As a result of the reduced assets under management of the acquired THS business, the forecasted cash flows significantly decreased in H1 2019 reflecting an indication of impairment of the related investment management and client contracts. Therefore, an impairment test was performed using a discounted cash flow model based on future cash flows attributable to identified investment management and client contracts relating to the acquisition of THS to determine the recoverable amount. As a result, an impairment loss of CHF 0.7 million was recognised in H1 2019.

H1 2018

Driven by lower than anticipated net inflows and investment performance, the assets under management of the acquired Cantab business further decreased in the first half of 2018. Consequently, the actual and estimated future cash flows were lower than originally assumed at the time of acquisition in 2016, which was considered an indication of impairment of the related investment management and client contracts. Therefore, an impairment test was performed using a discounted cash flow model based on estimated future cash flows attributable to identified investment management and client contracts acquired through the acquisition of Cantab to determine the recoverable amount, being CHF 120.6 million based on the value in use as at 30 June 2018. The estimated future cash flows were discounted to their present value, using an average pre-tax discount rate of 15.8%. As a result, an impairment loss of CHF 71.1 million before taxes was recognised in the first half of 2018.

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

			H1 2019			H1 2018
	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	165.7	-	165.7	285.4	-	285.4
Net performance fees	8.3	(2.9)	5.4	2.6	(0.3)	2.3
Net fee and commission income	**174.0**	**(2.9)**	**171.1**	**288.0**	**(0.3)**	**287.7**
Net other (expenses)/income	(9.5)	5.7	(3.8)	25.7	(26.4)	(0.7)
Income	**164.5**	**2.8**	**167.3**	**313.7**	**(26.7)**	**287.0**
Personnel expenses	103.8	0.2	104.0	125.2	3.7	128.9
General expenses	58.8	(6.7)	52.1	69.4	(5.5)	63.9
Depreciation and amortisation	12.9	(3.8)	9.1	18.8	(15.9)	2.9
Impairment losses	0.7	(0.7)	-	71.1	(71.1)	-
Expenses	**176.2**	**(11.0)**	**165.2**	**284.5**	**(88.8)**	**195.7**
(Loss)/profit before taxes	**(11.7)**	**13.8**	**2.1**	**29.2**	**62.1**	**91.3**
Income tax expense/(credit)	1.9	1.3	3.2	3.8	15.8	19.6
Net (loss)/profit	**(13.6)**	**12.5**	**(1.1)**	**25.4**	**46.3**	**71.7**
(Loss)/earnings per share						
Basic (loss)/earnings per share (CHF)	(0.09)		(0.01)	0.16		0.46
Diluted (loss)/earnings per share (CHF)	(0.09)		(0.01)	0.16		0.45

Reconciling items

			H1 2019			H1 2018
	Acquisition-related items CHF m	Non-recurring items CHF m	Total reconciling items CHF m	Acquisition-related items CHF m	Non-recurring items CHF m	Total reconciling items CHF m
Performance fees attributed to external interests	(2.9)	-	(2.9)	(0.3)	-	(0.3)
Net fee and commission income	**(2.9)**	**-**	**(2.9)**	**(0.3)**	**-**	**(0.3)**
Adjustments to deferred consideration liabilities	1.6	-	1.6	(29.9)	-	(29.9)
Foreign exchange gains on deferred consideration liabilities	(0.2)	-	(0.2)	(0.3)	-	(0.3)
Performance fees attributed to external interests	2.9	-	2.9	0.3	-	0.3
Finance charges on discounted liabilities	1.3	-	1.3	3.5	-	3.5
Other expenses	-	0.1	0.1	-	-	-
Net other (expenses)/income	**5.6**	**0.1**	**5.7**	**(26.4)**	**-**	**(26.4)**
Adjustments to deferred consideration liabilities	0.2	-	0.2	0.6	-	0.6
Reorganisation charge	-	-	-	-	2.0	2.0
Pension plan curtailment	-	-	-	-	1.1	1.1
Personnel expenses	**0.2**	**-**	**0.2**	**0.6**	**3.1**	**3.7**
Reorganisation charge	-	(0.8)	(0.8)	-	(5.0)	(5.0)
Costs relating to ARBF matters	-	(1.4)	(1.4)	-	-	-
Other expenses	-	(4.5)	(4.5)	-	(0.5)	(0.5)
General expenses	**-**	**(6.7)**	**(6.7)**	**-**	**(5.5)**	**(5.5)**
Amortisation of investment management and client contracts	(3.8)	-	(3.8)	(15.9)	-	(15.9)
Depreciation and amortisation	**(3.8)**	**-**	**(3.8)**	**(15.9)**	**-**	**(15.9)**
Impairment of investment management and client contracts	-	(0.7)	(0.7)	-	(71.1)	(71.1)
Impairment losses	**-**	**(0.7)**	**(0.7)**	**-**	**(71.1)**	**(71.1)**
Total reconciling items before taxes	**6.3**	**7.5**	**13.8**	**(11.4)**	**73.5**	**62.1**
Income tax credit	0.8	0.5	1.3	3.1	12.7	15.8
Total reconciling items after taxes	**5.5**	**7.0**	**12.5**	**(14.5)**	**60.8**	**46.3**

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

According to its policy, the Group distinguishes between two categories of excluded items, in adherence to the principles mentioned above, being acquisition-related items and non-recurring items.

Below items are stated before taxes.

Acquisition-related items

H1 2019

Adjustments to deferred consideration liabilities and related foreign exchange impacts

The Group acquired GAM Lugano, the Singleterry Mansley business, the Renshaw Bay real estate debt business as well as the investment management businesses of Taube Hodson Stonex (THS) and Cantab Capital Partners (Cantab), all with a deferred consideration element. In H1 2019, the consideration payable, compared with that recognised at acquisition or in subsequent periods, was increased by CHF 1.4 million. Thereof, CHF 1.6 million was recognised as an expense in the line item 'net other (expenses)/income' and CHF 0.2 million as a credit in the line item 'personnel expenses'. In addition, a net of hedging gain of CHF 0.2 million was recognised as a credit in the line item 'net foreign exchange losses' included within 'net other (expenses)/income'.

Finance charges on discounted liabilities

The CHF 1.3 million finance charges on discounted liabilities relate to the deferred consideration elements of the acquisitions of the investment management businesses of Cantab and THS.

Amortisation of investment management and client contracts

The CHF 3.8 million amortisation of investment management and client contracts relates to the acquisitions of the Singleterry Mansley business, the Renshaw Bay real estate business as well as the investment management businesses of THS and Cantab.

Performance fees attributed to external interests

The Group has a contractual commitment, through the agreement to acquire Cantab, to pay 40% of performance fees received by Cantab to employees (in the first six years and capped at USD 50 million as determined by previous partners) and previous partners thereafter indefinitely. Such liabilities are recognised when respective performance fees crystallise and are received by Cantab. The performance fees payable in relation to Cantab amount to CHF 2.9 million.

H1 2018

Adjustments to deferred consideration liabilities and related foreign exchange impacts

The Group acquired GAM Lugano, the Singleterry Mansley business, the Renshaw Bay real estate debt business as well as the investment management businesses of THS and Cantab, all with a deferred consideration element. In H1 2018, the consideration payable, compared with that recognised at acquisition or in subsequent periods, was reduced by CHF 30.5 million. Thereof, CHF 29.9 million was recognised as income in the line item 'net other (expenses)/income' and CHF 0.6 million as a credit in the line item 'personnel expenses'. In addition, a net of hedging gain of CHF 0.3 million was recognised as a credit in the line item 'net foreign exchange losses' included within 'net other (expenses)/income'.

Finance charges on discounted liabilities

The CHF 3.5 million finance charges on discounted liabilities relate to the deferred consideration elements of the acquisitions of GAM Lugano, the Singleterry Mansley business and the investment management businesses of THS and Cantab.

Amortisation of investment management and client contracts

The CHF 15.9 million amortisation of investment management and client contracts relates to the acquisitions of the Singleterry Mansley business, the Renshaw Bay real estate business and the investment management businesses of THS and Cantab.

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

The Group has a contractual commitment, through the agreement to acquire Cantab, to allocate 40% of performance fees generated by Cantab to employees (in the first six years and capped at USD 50 million as determined by previous partners) and previous partners thereafter indefinitely. Such liabilities are recognised when respective performance fees crystallise. The fair value changes of performance fees payable in relation to Cantab amount to CHF 0.3 million.

Non-recurring items

H1 2019

Reorganisation charge

The charge of CHF 0.8 million in respect of the Group's implementation of its strategic initiatives includes CHF 0.8 million in connection with costs recognised in the line item 'general expenses' relating to the Group's London office move and IT infrastructure outsourcing.

Costs relating to ARBF matters

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

Impairment of investment management and client contracts

The CHF 0.7 million impairment loss (before taxes, CHF 0.6 million net of taxes) on investment management and client contracts relates to the acquisition of the investment management business of THS. For further information see note 6.

Other expenses

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

H1 2018

Reorganisation charge

The charge of CHF 3.0 million in respect of the Group's implementation of its strategic initiatives includes a reversal of restructuring costs of CHF 2.0 million associated with redundancies and the revaluation of the restructuring provision recognised in the line item 'personnel expenses' as well as charges of CHF 5.0 million in connection with non-staff costs recognised in the line item 'general expenses' relating to the Group's London office move, IT infrastructure outsourcing, the liquidation of Group legal entities and rebranding cost.

Pension plan curtailment

As a result of a pension increase exchange exercise carried out for pensioners of the UK defined benefit pension scheme, a one-off gain of CHF 1.1 million was recognised in the income statement.

Other expenses

Other expenses include certain costs which have been combined in one line item considering materiality.

Impairment of investment management and client contracts

The CHF 71.1 million impairment loss before taxes (CHF 58.6 million net of taxes) on investment management and client contracts relates to the acquisition of the investment management business of Cantab. For further information see note 6.

8. Earnings per share and shares outstanding

8.1. Earnings per share

	H1 2019	H1 2018
Basic (loss)/earnings per share		
Net (loss)/profit attributable to the shareholders of the Company (CHF m)	(13.6)	25.4
Weighted average number of shares outstanding (millions)	155.4	155.8
Basic (loss)/earnings per share (CHF)	**(0.09)**	**0.16**
Diluted (loss)/earnings per share		
Net (loss)/profit attributable to the shareholders of the Company for diluted EPS (CHF m)	(13.6)	25.4
Weighted average number of shares outstanding (millions)	155.4	155.8
Dilution effect (millions)	-	4.2
Weighted average number of shares outstanding for diluted EPS (millions)	155.4	160.0
Diluted (loss)/earnings per share (CHF)	**(0.09)**	**0.16**

8.2. Shares outstanding

	H1 2019	H1 2018
Shares issued at the end of the period	159,682,531	159,682,531
Treasury shares – share-based payment plans	(4,133,457)	(4,564,656)
Shares outstanding at the end of the period	**155,549,074**	**155,117,875**

NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET

9. Tax effects recognised directly in equity

Tax effects on share-based payments resulted in a credit to equity of CHF 0.4 million (H1 2018: debit of CHF 0.1 million). With the share-based payment expenses of CHF 6.7 million (H1 2018: CHF 7.8 million) and these tax effects, CHF 7.1 million (H1 2018: CHF 7.7 million) is included in the respective line item within equity as shown in the condensed consolidated statement of changes in equity.

10. 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 2018.

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	30.06.2019 Total CHF m
Derivative financial instruments	-	0.1	-	**0.1**
Seed capital and product management investments at fair value through profit or loss	42.2	11.8	1.3	**55.3**
Other financial assets at fair value through profit or loss	-	5.4	-	**5.4**
Financial assets measured at fair value	**42.2**	**17.3**	**1.3**	**60.8**
Derivative financial instruments	-	0.3	-	**0.3**
Financial liabilities at fair value through profit or loss	12.4	6.0	23.7	**42.1**
Financial liabilities measured at fair value	**12.4**	**6.3**	**23.7**	**42.4**

	Level 1 CHF m	Level 2 CHF m	Level 3 CHF m	31.12.2018 **Total** CHF m
Derivative financial instruments	-	2.6	-	**2.6**
Seed capital and product management investments at fair value through profit or loss	55.8	12.1	-	**67.9**
Other financial assets at fair value through profit or loss	-	7.0	0.1	**7.1**
Financial assets measured at fair value	**55.8**	**21.7**	**0.1**	**77.6**
Derivative financial instruments	-	0.4	-	**0.4**
Financial liabilities at fair value through profit or loss	1.8	5.4	36.8	**44.0**
Financial liabilities measured at fair value	**1.8**	**5.8**	**36.8**	**44.4**

The categories ‘seed capital and product management investments at fair value through profit or loss’ and ‘financial liabilities at fair value through profit or loss’ include the balance sheet line items ‘assets held for sale’ which solely contain the controlled funds’ direct investments in the amount of CHF 47.2 million (31 December 2018: CHF 42.9 million) and ‘liabilities held for sale’ which contain the direct liabilities of those controlled funds in the amount of CHF 12.5 million (31 December 2018: CHF 1.9 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 2019, compared to prior year, financial assets in the amount of CHF 0.5 million were transferred from level 1 in prior year to level 2 due to less regularly occurring market transactions meaning that those markets no longer met the definition of an active market. In H1 2018, there were no transfers between levels.

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

	Financial assets at fair value through profit or loss CHF m	Financial liabilities at fair value through profit or loss CHF m
Balance at 1 January 2018	0.4	82.8
Disposals/settlements	(0.1)	(4.3)
Total gains in profit or loss	-	(24.7)
Translation differences	-	(0.5)
Balance at 30 June 2018	**0.3**	**53.3**
Disposals/settlements	-	(0.7)
Total losses/gains in profit or loss	(0.2)	(13.7)
Translation differences	-	(2.1)
Balance at 31 December 2018	**0.1**	**36.8**
Additions	1.4	-
Disposals/settlements	-	(15.8)
Total losses in profit or loss	(0.1)	2.5
Translation differences	(0.1)	0.2
Balance at 30 June 2019	**1.3**	**23.7**

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

In H1 2019, net losses of CHF 2.6 million (H1 2018: net gains of CHF 24.7 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 (expenses)/ income' and 'personnel expenses'. For further information on the financial liabilities see note 7 regarding adjustments to the deferred consideration liabilities.

Sensitivity of fair value measurements of financial assets

As in 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 amount to CHF 22.1 million as at 30 June 2019 (31 December 2018: CHF 33.1 million).

The recognised 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 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 2019; and
- estimated future growth rate for 2020 (+17%) (31 December 2018: +1% for 2020).

The estimated fair value would increase / (decrease) if:

- the forecasted revenue from net management fees for 2019 was higher / (lower). An increase / (decrease) of 10% would result in the estimated fair value being higher / (lower) by CHF 2 million / (CHF 2 million);
- the estimated future growth rates for 2020 were higher / (lower). An increase / (decrease) by 10 percentage points would result in the estimated fair value being higher / (lower) by CHF 1 million / (CHF 1 million).

11. Provisions

				H1 2019
	Restructuring CHF m	Reinstatement of leasehold improvements CHF m	Other CHF m	**Total** CHF m
Balance at the beginning of the year	25.9	6.0	6.5	**38.4**
Recognised during the year	-	-	2.8	**2.8**
Utilised during the year	(11.4)	-	(3.7)	**(15.1)**
Translation differences	0.1	(0.1)	(0.2)	**(0.2)**
Balance at the end of the period	**14.6**	**5.9**	**5.4**	**25.9**
Current	14.6	2.0	5.4	**22.0**
Non-current	-	3.9	-	**3.9**
Balance at the end of the period	**14.6**	**5.9**	**5.4**	**25.9**

12. Treasury shares

As at 30 June 2019, the Group held 4.1 million treasury shares to meet the Group's obligation to deliver shares for the various share-based payment plans (31 December 2018: 4.6 million), all of which are expected to be net equity settled.

No treasury shares were acquired under the Company's 2017–2020 share buy-back programme during the six months ended 30 June 2019 (the year to 31 December 2018: no treasury shares acquired).

	Shares	CHF m
Balance at 1 January 2018	3,361,073	51.5
Acquisition of own shares	1,672,366	27.4
Disposals of own shares	(468,783)	(7.3)
Balance at 30 June 2018	**4,564,656**	**71.6**
Acquisition of own shares	133,426	1.5
Disposals of own shares	(70,729)	(1.0)
Balance at 31 December 2018	**4,627,353**	**72.1**
Disposals of own shares	(493,896)	(7.8)
Balance at 30 June 2019	**4,133,457**	**64.3**

The purpose of the GAM Employee Benefit Trust (EBT) is to encourage, motivate and retain the Group's employees by providing benefits, through a trust, to such employees. As a result, the EBT holds shares in the Company. Generally, the funding for current and future plans will be provided by the Company. As the EBT is under control of the Group in accordance with IFRS 10, the EBT is fully consolidated. As at 30 June 2019, of the 4.1 million treasury shares, GAM Holding AG holds 1.8 million and the EBT holds 2.3 million.

ADDITIONAL NOTES

13. Share-based payments

Share plan for members of the Board of Directors
On 9 May 2019, the members of the Board of Directors were granted a total of 188,673 GAM Holding AG shares at a fair value of CHF 4.24 per share. These shares will vest and be delivered on the day before the Company's 2020 Annual General Meeting, subject to certain conditions being met. The fair value at grant date is recognised as an expense over the relevant vesting period. In H1 2019, an expense of CHF 0.1 million was recognised.

Other equity-settled share-based grants
Share awards
In H1 2019, certain new employees were granted a total of 22,028 GAM Holding AG shares with a fair value between CHF 4.07 and CHF 6.00 per share. The shares will vest and be delivered in three equal tranches on the first three anniversaries of the grant date subject to the recipient continuing to be employed with the Group on each vesting date. In H1 2019, an expense of less than CHF 0.1 million was recognised.

2019-2022 retention plans
In H1 2019, selected employees received a retention award. Awards are split and will vest in three equal tranches, either on 30 June or 7 September of each of the three subsequent years after the grant date, subject to the recipient continuing to be employed with the Group on the vesting date.

The number of shares granted will be determined by dividing the predetermined aggregate fair value by the fair value per share as determined at the vesting date of the first tranche in 2020. As at the date of grant, the aggregate fair value of the 2019-2022 retention awards amounted to CHF 7.5 million. In H1 2019, an expense of CHF 1.4 million was recognised.

2019-2024 long-term incentive awards
On 10 May 2019, selected senior executives received a long-term incentive award, subject to the recipient continuing to be employed with the Group on the vesting date. Each award will vest and be delivered in one tranche on 10 May 2024. The features of this plan are the same as the 2018 long-term incentive plan awarded to the Group Management Board as disclosed in the 2018 consolidated financial statements. As at the date of grant, the aggregate fair value of the award amounted to CHF 0.3 million. In H1 2019, an expense of less than CHF 0.1 million was recognised.

14. Changes to subsidiaries consolidated

In H1 2019, GAM Investment Managers Limited, UK, and GAM US Holding Inc., USA, were liquidated.
GAM Capital Management (Switzerland) AG has been merged into GAM Investment Management (Switzerland) AG.

15. Contingent liabilities

Potential litigations, reviews and investigations
The Group is exposed to the risk of conduct related and legal matters as well as regulatory actions, which could give rise to the need to recognise material provisions or, in the case they do not qualify for the recognition of a provision, to disclose contingent liabilities. These potential exposures mainly relate to the events and circumstances leading to the suspension and subsequent dismissal of the investment director and business unit head for the ARBF strategy and the subsequent liquidation of the ARBF strategy related funds and mandates. Any potential exposures relating to these matters are dependent on the outcome of any potential legal and/or regulatory actions. The financial impact of these potential exposures cannot be reliably estimated at this point in time and, as a result, no provision was recognised in the consolidated balance sheet as at 30 June 2019.

The Group operates in various jurisdictions which are subject to local laws and regulation. During the ordinary course of business the Group may become exposed to breaches of regulation and law, including breaches of client mandates, fund requirements or legal contracts, which may give rise to litigation and a liability.

16. Events after the reporting period

The Board of Directors approved these condensed interim consolidated financial statements on 29 July 2019.

Sale of precious metals and money market funds
As announced on 30 July 2019, the Group entered into an agreement with Zürcher Kantonalbank (ZKB) to sell its precious metals and money market funds with combined assets under management of CHF 2.2 billion as at 30 June 2019. The transaction is expected to close in the third quarter of this year and the Group will continue to act as the fund management company through its private labelling business, while ZKB will be responsible for the investment management and the distribution of the funds.

The fair value of the total consideration is expected to be CHF 14.0 million and will be fully paid in cash at completion. The Group expects to recognise a gain in the second half of 2019 equivalent to the cash consideration.

17. General information

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 2019 are unaudited and comprise those of the Company and all its subsidiaries 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.

18. 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 2018, 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.

19. 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 2018, except for the following.

There were no new accounting pronouncements with effective date 1 January 2019 that had a significant impact on the condensed interim consolidated financial statements of the Group, except for IFRS 16:

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

Recognition of all leases is required on the balance sheet in the form of a right-of-use asset and a lease liability (discounted future lease payments). As a result, a lessee is now required to recognise depreciation of the right-of use asset and interest on the discounted lease liability. The future rental payments are capitalised as right-of-use assets. A lessee is required to provide qualitative disclosures in addition to the quantitative disclosures only if they are necessary to satisfy the lessee disclosure objective of enabling users of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group presents right-of-use assets in the balance sheet line item ‘property and equipment’, sublease receivables are presented in the line item ‘trade and other receivables’ and lease liabilities as financial liabilities.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases and therefore applies IFRS 16 only to contracts that were previously identified as leases.

IFRS 16 is required to be applied for annual periods beginning on or after 1 January 2019. The Group applied the ‘modified retrospective approach’ and under the transition method chosen, the cumulative effect of initially applying this standard is recognised as an adjustment to the opening balance of retained earnings on 1 January 2019, with the benefit of certain optional practical reliefs. Therefore, comparative information is not restated.

Under this approach, right-of-use assets are recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application of IFRS 16. The impact of this standard on the Group’s condensed interim consolidated financial statements has been assessed as follows:

- There is no impact on the opening balance of retained earnings as at 1 January 2019 and comparative information is not restated.
- As at 1 January 2019, based on the Group’s incremental borrowing rate, the Group recognised lease liabilities of CHF 76.5 million, right-of-use assets of CHF 76.7 million, mainly for real estate leases and a sublease receivable of CHF 1.6 million.
- The right-of-use assets consist of CHF 76.5 million relating to the initial recognition of right-of-use assets (equal to the financial lease liability) and a credit of CHF 1.6 million relating to the recognition of the sublease agreement. In addition, it includes CHF 3.7 million relating to provisions for reinstatement of leasehold improvements which have been reclassified from leasehold improvements as part of the cost of the right-of-use assets, partially offset by CHF 1.9 million relating to rent-free periods in the amount of CHF 2.2 million and prepaid rent of CHF 0.3 million, which have been reclassified from accrued expenses and prepaid expenses respectively.
- IFRS 16 changes the nature of expenses related to any leases replacing the operating lease expenses with a depreciation charge for right-of-use assets (H1 2019: CHF 5.5 million) and an interest expense for the unwinding of the discount effect on lease liabilities (H1 2019: CHF 0.8 million). Consequently, in the Group’s consolidated income statement, general expenses decrease due to lower occupancy expenses while depreciation and amortisation as well as interest expenses (reported in the line item ‘net other (expenses)/income’) increase.
- IFRS 16 will not have any effect on the total amount of cash flows reported. However, IFRS 16 has an effect on the presentation of cash flows related to former off-balance sheet leases.
- More extensive disclosures relating to lease agreements are expected to be made in the Group’s annual consolidated financial statements.

FINANCIAL SUMMARY AND SHARE INFORMATION

FIVE-YEAR FINANCIAL SUMMARY

	H1 2019 CHF m	H2 2018 CHF m	H1 2018 CHF m	2018 CHF m	2017 CHF m	2016 CHF m	2015 CHF m
Net management fees and commissions	165.7	210.0	285.4	495.4	503.6	470.5	517.8
Net performance fees	5.4	2.2	2.3	4.5	44.1	3.0	82.8
Net fee and commission income	**171.1**	**212.2**	**287.7**	**499.9**	**547.7**	**473.5**	**600.6**
Net other (expenses)/income	(3.8)	1.0	(0.7)	0.3	2.2	5.1	0.7
Income	**167.3**	**213.2**	**287.0**	**500.2**	**549.9**	**478.6**	**601.3**
Personnel expenses	104.0	110.7	128.9	239.6	264.6	246.2	290.0
Fixed personnel expenses	73.6	76.7	77.2	153.9	150.1	155.7	165.1
Variable personnel expenses	30.4	34.0	51.7	85.7	114.5	90.5	124.9
General expenses	52.1	63.8	63.9	127.7	106.1	102.9	104.9
Occupancy	3.7	10.9	11.3	22.2	22.2	25.7	28.6
Technology and communication	11.0	6.6	7.5	14.1	12.7	13.8	15.1
Data and research	10.7	11.9	11.5	23.4	17.9	17.5	16.5
Professional and consulting services	10.3	6.7	10.9	17.6	15.5	10.2	11.7
Marketing and travel	3.6	8.6	9.0	17.6	18.2	17.8	20.3
Administration	3.6	4.4	5.1	9.5	8.8	6.1	-
Other general expenses	6.2	14.7	8.6	23.3	10.8	11.8	12.7
Depreciation and amortisation	9.1	3.3	2.9	6.2	6.7	9.4	8.6
Expenses	**165.2**	**177.8**	**195.7**	**373.5**	**377.4**	**358.5**	**403.5**
Underlying profit before taxes	**2.1**	**35.4**	**91.3**	**126.7**	**172.5**	**120.1**	**197.8**
Underlying income tax expense	3.2	8.9	19.6	28.5	35.4	25.9	39.4
Underlying net (loss)/profit	**(1.1)**	**26.5**	**71.7**	**98.2**	**137.1**	**94.2**	**158.4**
Acquisition-related items	(6.3)	7.0	11.4	18.4	(3.1)	8.6	(13.4)
Non-recurring items	(7.5)	(1,005.0)	(73.5)	(1,078.5)	(21.2)	2.9	(8.5)
Tax on acquisition-related items	0.8	1.7	3.1	4.8	6.4	1.5	(0.5)
Tax on non-recurring items	0.5	19.9	12.7	32.6	4.0	(0.7)	2.3
Non-recurring tax item	-	(4.6)	-	(4.6)	-	27.8	-
IFRS net (loss)/profit	**(13.6)**	**(954.5)**	**25.4**	**(929.1)**	**123.2**	**134.3**	**138.3**
Operating margin (%) [1]	3.4	16.2	32.0	25.3	31.1	24.3	32.8
Compensation ratio (%) [2]	60.8	52.2	44.8	47.9	48.3	52.0	48.3
Average personnel (FTEs)	896	934	931	932	951	1,023	1,093

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

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

	H1 2019	H2 2018	H1 2018	2018	2017	2016	2015
Assets under management at the end of the period (CHF bn)	**136.1**	**132.2**	**163.8**	**132.2**	**158.7**	**120.7**	**119.0**
in investment management	52.1 [1]	56.1 [1]	84.4	56.1 [1]	84.4	68.2	72.3
in private labelling	84.0	76.1	79.4	76.1	74.3	52.5	46.7
Average assets under management (CHF bn)	**136.4**	**147.7**	**162.4**	**154.4**	**138.0**	**117.2**	**123.3**
in investment management	55.0 [2]	69.1 [2]	85.5	76.8 [2]	74.7	68.3	73.7
in private labelling	81.4	78.6	76.9	77.6	63.3	48.9	49.6
Net flows (CHF bn)	**(5.2)**	**(11.5)**	**9.3**	**(2.2)**	**24.3**	**(6.4)**	**3.0**
in investment management	(7.6) [3]	(13.1) [3]	2.6 [3]	(10.5) [3]	8.6	(10.7)	0.3
in private labelling	2.4	1.6	6.7	8.3	15.7	4.3	2.7
Net management fees and commissions (CHF m)	**165.7**	**210.0**	**285.4**	**495.4**	**503.6**	**470.5**	**517.8**
in investment management	148.3	192.0	261.6	453.6	463.8	434.4	476.2
in private labelling	17.4	18.0	23.8	41.8	39.8	36.1	41.6
Total fee margin in investment management (bps)	55.9	56.2	61.7	59.6	68.0	64.1	75.8
Management fee margin in investment management (bps)	53.9	55.6	61.2	59.1	62.1	63.6	64.6
Management fee margin in private labelling (bps)	4.3	4.6	6.2	5.4	6.3	7.4	8.4
Weighted average number of shares outstanding for basic EPS (m)	155.4	155.0	155.8	155.4	157.0	157.7	159.9
Basic underlying EPS (CHF)	(0.01)	0.17	0.46	0.63	0.87	0.60	0.99
Basic IFRS EPS (CHF)	(0.09)	(6.16)	0.16	(5.98)	0.78	0.85	0.87
Weighted average number of shares outstanding for diluted EPS (m)	155.4	155.8 [4]	160.0	156.6 [4]	158.8	157.8	160.8
Diluted underlying EPS (CHF)	(0.01)	0.17	0.45	0.63	0.86	0.60	0.98
Diluted IFRS EPS (CHF)	(0.09)	(6.16)	0.16	(5.98)	0.78	0.85	0.86
Dividend per share for the financial year (CHF)				-	0.65	0.65	0.65

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

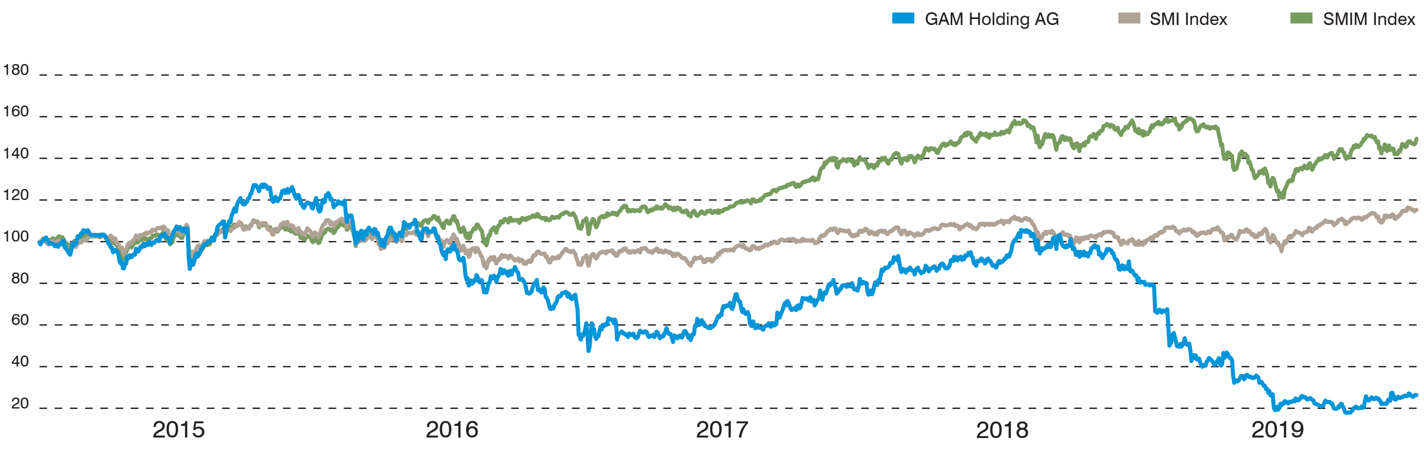
[2] Excluding ARBF-related assets under management since August 2018.

[3] Including ARBF-related net inflows in H1 2018 of CHF 0.3 billion, excluding ARBF-related net flows in H2 2018 and H1 2019, and excluding fund assets liquidated as at 31 December 2018 and 30 June 2019.

[4] As a result of the IFRS net loss reported for 2018 and H2 2018, for the calculation of the diluted IFRS EPS for these periods, the weighted average number of shares outstanding for diluted EPS equals the weighted average number of shares outstanding for basic EPS.

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) [1]

[1] Component of the SMIM until 20 September 2019.

Share information CHF

	H1 2019	H2 2018	H1 2018	Change from H2 2018 in %	Change from H1 2018 in %
Closing price at the end of the period	4.51	3.86	13.70	17	(67)
Highest price	4.69	13.51	17.92	(65)	(74)
Lowest price	3.07	3.29	13.63	(7)	(77)
Market capitalisation at the end of the period (CHF m) [2]	720	616	2,188	17	(67)

Treasury shares

	30.06.2019	31.12.2018	30.06.2018	Change from 31.12.2018 in %	Change from 30.06.2018 in %
Shares issued	159,682,531	159,682,531	159,682,531	0	0
Treasury shares	(4,133,457)	(4,627,353)	(4,564,656)	(11)	(9)
Shares outstanding	155,549,074	155,055,178	155,117,875	0	0

[2] Based on shares issued.

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

www.gam.com

‘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.