

April 2023 |

GAM FUNDS: ASSESSMENT OF VALUE REPORT 2023



GAM
Investments

FOR GAM FUNDS WITH THE ACCOUNTING YEAR-END AT 31 DECEMBER 2022¹

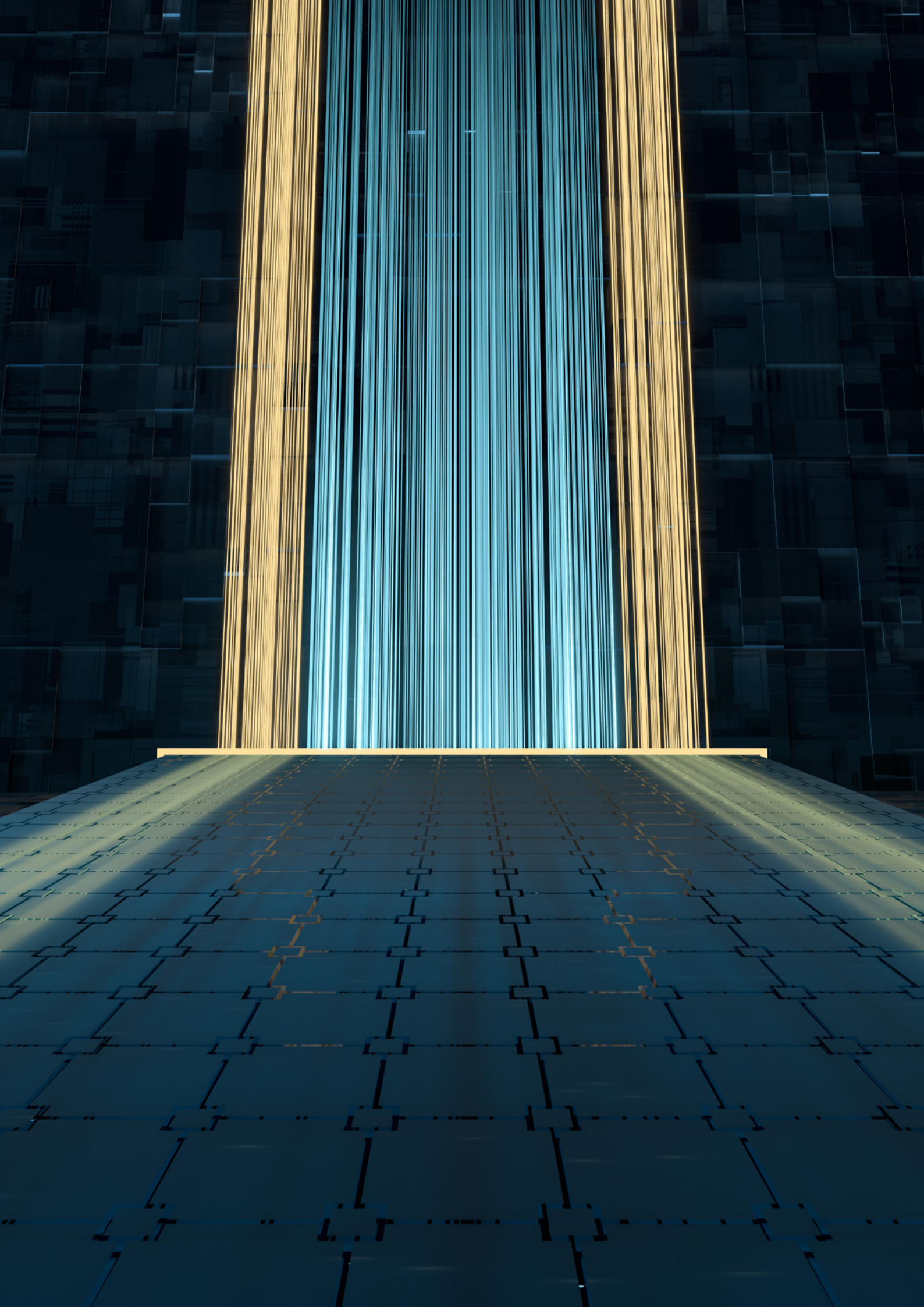
GAM CREDIT OPPORTUNITIES (GBP)

GAM CONTINENTAL EUROPEAN EQUITY
(TERMINATED ON 31 JANUARY 2023)

GAM DISRUPTIVE GROWTH
(FORMERLY GAM GLOBAL DIVERSIFIED UP TO 31 JAN 2022
AND GAM NORTH AMERICAN GROWTH UP TO 13 JUNE 2022)

GAM UK EQUITY INCOME

¹ GAM Emerging Equity was terminated on 13 January 2022.



EXECUTIVE SUMMARY

As an asset manager, we recognise our business's tangible impact on society, the environment and the communities in which we operate, both through our corporate actions and, more importantly, through our investment choices.

How, where and to whom we deploy our clients' capital are some of the critical questions we seek to answer when exercising our fiduciary duties on behalf of clients and helping them achieve their long-term investment goals.

For this reason, the Board of GAM Sterling Management Limited, the Authorised Corporate Director of GAM Funds, (the Board), takes seriously the UK regulator's, the Financial Conduct Authority (FCA), requirement for asset managers to produce a 'statement of value' for each fund offered to investors in the UK. This report assesses seven key aspects of value, or pillars, on at least an annual basis, considering:

- **Quality of service** – an assessment of the range and quality of services being provided to investors.
- **Performance** – an assessment of whether a fund delivered on its stated performance objectives within an appropriate timescale, taking benchmarks and relevant peer group / sector performance into consideration.
- **AFM (authorised fund manager) costs** – consideration of whether the fees paid by investors are reasonable in comparison to the cost of the service the fund is receiving.
- **Economies of scale** – the extent to which an asset manager is able to pass on economies of scale to investors and how they have been achieved.
- **Comparable market rates** – a comparison of the charges applied by the fund in relation to the wider marketplace (i.e. an appropriate peer group / sector).
- **Comparable services** – an analysis of how charges compare against other comparable services provided by the asset manager in relation to mandates of a similar size and with comparable investment objectives.
- **Classes of units** – a review of existing share classes to ensure investors are being offered the most suitable share class in terms of value.

Given the increasing importance of sustainability and responsible investment for investors, we have chosen to also include an eighth pillar in our report to outline how the wider GAM Group (GAM Investments) is developing its corporate sustainability proposition and how these factors are being integrated within the funds' investment processes.

- **Sustainability** – an assessment of the sustainable initiatives provided by GAM Investments.

The Board², which includes two independent non-executive directors to ensure both rigour and impartiality, assumed collective responsibility for this assessment and ultimately determined the value rating for each fund, as well as identifying areas for improvement where applicable. I, as chairman, agree with the conclusions of the Board.

We believe this assessment is in keeping with our purpose and values and highlights how GAM Sterling aims to provide value to our investors across all areas of our business. Here we offer a summary of our analysis and trust you will find this a comprehensive, thorough and fair assessment of the value we are providing.

Simon Ellis

Acting Chairman of GAM Sterling Management Limited
The Authorised Corporate Director of GAM Funds

April 2023

²Biographies of all Board members are available in the Appendix.

OUR APPROACH

The Board's approach to assessing whether the funds incorporated in the United Kingdom within the GAM Funds umbrella provide value to investors was to try to put ourselves in our investors' shoes and think about the questions they would ask. Our two independent, non-executive directors were a critical part of this process, regularly challenging our evidence and ensuring we focused on our investors' concerns rather than on business considerations.

To strengthen the independence of our assessment, we also used third-party sources to gather evidence, accessed reports and utilised external surveys; we also used direct feedback from our clients and investors.

In compiling this report, we have considered each of the FCA's seven criteria in detail from both a company perspective – for example, what are the applicable services being offered to GAM Funds by GAM Investments – as well as at an individual fund level and at a share class level, where appropriate and where sufficient information is available. In addition, we have added an eighth pillar on Sustainability in recognition of the growing importance of sustainable and responsible investment for investors.

For ease of use, our conclusions are presented on a fund-by-fund basis.

QUALITY OF SERVICE

An assessment of the range and quality of services being provided to investors.

When addressing the concept of the quality of our service, we asked ourselves which areas have the most impact for our investors. This highlighted three key areas of our business which are on the frontline of the service we provide:

- Distribution and Marketing
- Operational Services
- Investment Management Services

Distribution and Marketing

Distribution and Marketing are the terms we use to convey how our products are promoted and sold externally and the information we provide to keep our clients informed about our investment products. This means they are at the forefront of our activity with investors and represent the investor-facing aspect of our service. Our business in the UK means that our Distribution and Marketing services are largely conducted via third-party intermediaries, rather than directly to our end investors. We rely on the strong relationships we have with these third-party partners to make sure all clients have access to key product information.

The GAM Investments website (www.gam.com) is a useful tool for providing information to our end clients. The website offers access to a wealth of educational, product and corporate information, in an easily navigable format. Additionally, we actively support a selection of third-party, market-leading data vendors and online intermediary services to ensure the information on our UK fund range is available on applicable external platforms.

For the purposes of this report, we used third-party data to help validate our Distribution and Marketing activity.





Operational Services

Operational Services represent the administration of business services and aims to establish the highest level of efficiency possible.

The operational setup of the UK-domiciled funds is embedded within GAM Investments' global product framework and the Board has chosen to work with a comprehensive range of high-quality, external service providers, including State Street Bank and Trust Company for the administration services in respect of the funds, while transfer agency services are delegated to GAM Fund Management Ltd, Ireland. GAM Investments has established consistent processes to oversee and re-assess these relationships on a regular basis.

Investment Management Services

Investment Management Services refers to the handling of financial assets and other investments by professionals, usually by devising investment strategies and executing trades within a portfolio.

GAM Investments applies an active³ approach to its investment management process and focuses on the delivery of attractive investment returns in a bid to help our investors achieve their financial objectives. The management of all funds is monitored via rigorous internal processes to ensure ongoing effectiveness, cost efficiencies and portfolio construction standards are maintained.

³Active management consists of making buy and sell investment decisions based on research, conviction and other factors. This approach is in contrast with passive management, which generally seeks to mirror an established index, such as the S&P 500.

PERFORMANCE

The consideration of whether a fund has delivered on its stated performance objectives within an appropriate timescale, taking benchmarks and relevant peer group / sector performance into consideration.

Our key consideration is to assess whether a fund provides a good level of performance in terms of its stated investment objectives, policy and strategy. In order to assess this, we focused on two distinct areas. Firstly, we measured how the fund has performed (on a net basis using the institutional share classes as the most representative of the assets under management for each fund) in relation to its stated benchmark and relevant sector / peer group (in our analysis we used the UK Investment Associations (IA) sector averages) over a fair investment market cycle. We have adopted a time horizon of five years as being most applicable to the risk levels typically associated with these investment types. It is important to note that the recommended minimum holding period for some of the funds within the umbrella is seven years, but this classification not only considers performance but also factors such as a fund's risk / reward profile, capital guarantees and cost structure which are not examined here.

Secondly, given our funds apply an active and often differentiated investment approach we wanted to measure whether this aim was being achieved. For this, we measured the 'active share' for the funds (a calculation which determines the extent of the active management employed), as we believe this is an effective indicator of whether a fund truly deviates from its benchmark and presents investors with a genuinely active investment proposition.



AFM (AUTHORISED FUND MANAGER) COSTS

ECONOMIES OF SCALE

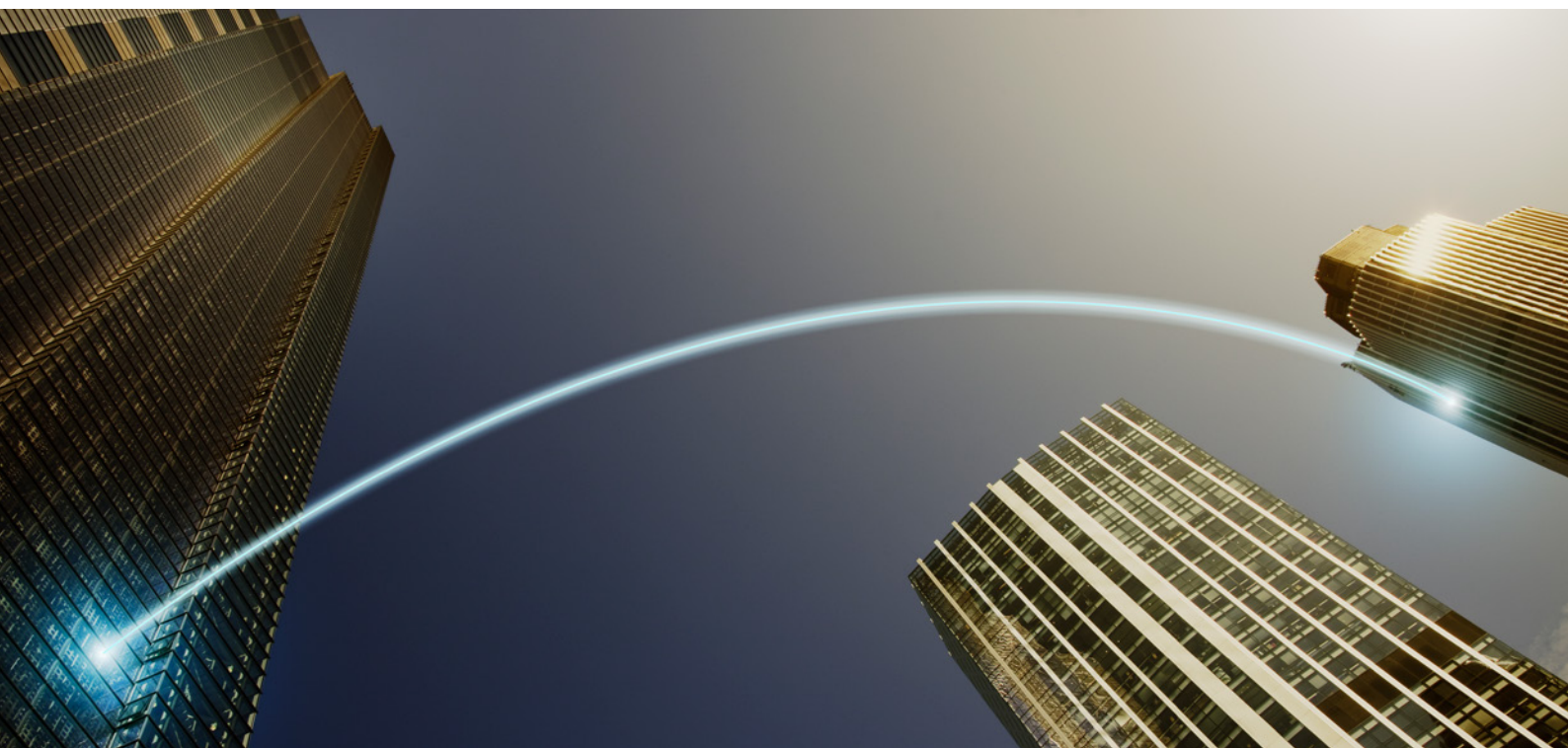
The consideration of whether the fees paid by investors are reasonable in comparison to the cost of the service the fund is receiving.

The extent to which an asset manager is able to pass on economies of scale to investors and how they have been achieved.

Our approach here is to consider whether the total internal costs per fund were reasonable in the context of the respective total charges paid by investors of the fund. We considered the full range of charges for services provided by both internal and external partners. We wish to highlight that any third-party research costs have been absorbed as part of GAM Investments' wider business since 3 January 2018. Additionally, there are no performance fees applied by the funds and no initial charges to subscriptions.

In terms of economies of scale, we considered two potential sources of cost savings:

- Those that could be sourced from GAM Funds being part of a larger financial organisation (in this instance GAM Investments).
- Those that could be achieved within the funds themselves.



COMPARABLE MARKET RATES

A comparison of the charges applied by the fund in relation to the wider marketplace (i.e. an appropriate peer group / sector).

When considering comparable market rates, the Board recognised the importance to investors of our funds being priced fairly in comparison with similar funds. Our analysis is based on the institutional share class for each fund as being the most representative of the assets under management and representing the share class most commonly used by clients; performance comparisons were conducted using net of fees performance data.

CLASSES OF UNITS

A review of existing share classes to ensure investors are being offered the most suitable share class in terms of value.

The nature of this section is for asset managers to review the available share classes across their UK fund ranges to make sure that investors were getting the optimum value available from their investments in the funds. This aligns with one of the recommendations in the FCA's Asset Management Market Study.

COMPARABLE SERVICES

An analysis of how charges compare against other comparable services provided by the asset manager in relation to funds of a similar size and with comparable investment objectives.

In this section, the Board sought to consider whether investors are being offered fair investment terms in comparison to other investors, such as institutional and overseas investors. To do this the costs of all comparable funds were reviewed.

SUSTAINABILITY

An assessment of the sustainable initiatives provided by GAM Investments.

For this section, we examined how GAM Investments is incorporating sustainability and responsible investment criteria at a corporate level, as well as how these themes are gradually being integrated into the investment processes of the GAM Funds range.



VALUE ASSESSMENT – OVERALL RATING

The following table provides an easy-to-follow summary of our assessments across each of the eight criteria, as well as our final overall rating for each fund.

Our assessment has been measured using three distinct ratings:

- **Provides Value** – where we feel the value provided is of at least a fair standard
- **Requires Action** – where we have identified areas for improvement that have impacted the level of value delivered
- **Poor** – where we feel fair value has not been offered

Where any rating decisions are given below that of Provides Value, we have outlined the actions that have been undertaken in this report. Where these actions are ongoing, the Board will monitor these actions closely and will update them in future reports.

Note:

Following the conclusions drawn in our prior Assessment of Value reports, and detailed in last year’s report, GAM Global Diversified was repositioned as GAM Disruptive Growth and the management of the strategy was switched to Mark Hawtin from 31 January 2022. Additionally, GAM North American Growth was merged into the GAM Disruptive Growth on 13 June 2022, as detailed in last year’s report. As a consequence of these changes, only GAM Disruptive Growth is given ratings in this year’s report. In light of the strategy change for GAM Disruptive Growth, the Board determined that the track record is too short to fairly assess the fund in terms of Performance and this is therefore shown as N/A in the relevant ratings tables.

On 31 January 2023, GAM Continental European Equity was terminated on account of its low assets under management (AUM). However, given this report concerns 2022, this fund has been given ratings.

Value Assessment – Overall Rating

		GAM Credit Opportunities (GBP)	GAM Continental European Equity	GAM Disruptive Growth	GAM UK Equity Income
1. Quality of Service	15%	●	●	●	●
Distribution and Marketing	5%	●	●	●	●
Operational Services	5%	●	●	●	●
IM Services	5%	●	●	●	●
2. Performance	20%	●	●	N/A	●
3. AFM Costs	9%	●	●	●	●
4. Economies of Scale	9%	●	●	●	●
5. Comparable Market Rates	20%	●	●	●	●
6. Comparable Services	9%	●	●	●	●
7. Classes of Units	9%	●	●	●	●
8. Sustainability	9%	●	●	●	●
Overall (weighted average)					

Provides Value	●
Requires Action	●
Poor	●

GAM CREDIT OPPORTUNITIES

	1. Quality of Service	Distribution and Marketing	Operational Services	IM Services	2. Performance	3. AFM Costs	4. Economies of Scale	5. Comparable Market Rates	6. Comparable Services	7. Classes of Units	8. Sustainability	Overall
GAM Credit Opportunities (GBP)	●	●	●	●	●	●	●	●	●	●	●	●

Provides Value	●
Requires Action	●
Poor	●

Source: GAM

Quality of Service

For GAM Credit Opportunities (GBP), the investment management of the fund has been delegated to a specialised third-party business, Atlanticomnium SA⁴. The Board remains satisfied that the highly experienced Investment Management team continues to operate on a robust, rigorous and risk-controlled basis. The Operational Services have been consistent over the past year and the Distribution and Marketing services have ensured that investors have had access to a regular flow of relevant information.

Overall, the Board concluded that the Quality of Service for GAM Credit Opportunities (GBP) provides value.

Performance

The investment objective of the fund is to achieve capital gains through investment principally on a worldwide basis in fixed-income securities. The fund manager adopts a flexible approach seeking opportunities globally across the whole credit spectrum, regardless of index weights but with a strong emphasis on the financial sector.

The fund is in the Investment Association’s (IA) sector “Sterling Strategic Bond” and is benchmarked against the Bloomberg Barclays Sterling Aggregate Corporate Index.

For the purposes of our analysis, we have adopted a time horizon of five years as being most applicable to the risk levels typically associated with these investment asset types, although it should be noted that the recommended minimum holding period for this fund is seven years.

Performance: The Board determined the fund has provided value given its long-term performance was higher than its relevant IA sector and the benchmark. The fund was also found to be managed on an active⁵ basis.

AFM (Authorised Fund Manager) Costs

The Board was satisfied that the fund fees in comparison to the AFM costs incurred in running GAM Credit Opportunities (GBP) are fair and reasonable.⁶

Economies of Scale

The Board was satisfied that GAM Credit Opportunities (GBP) benefits from the economies of scale available to GAM Investments through the scale of its Ireland and Luxembourg-domiciled fund ranges and its process of rigorous negotiations with third-party service providers.

At an individual fund level, the Board found that the fund currently has insufficient size to truly benefit from the available economies of scale, but was satisfied that these were available should the fund’s size grow in future.

The Board pledged to remain vigilant in pursuing the potential for economies of scale as the size of the fund grows.

⁴ Domiciled and regulated in Switzerland.

⁵ Active management consists of making buy and sell investment decisions based on research, conviction and other factors. This approach is in contrast with passive management, which generally seeks to mirror an established index, such as the S&P 500.

⁶ A table showing the range of fees for each fund and share class can be found in the Appendix.

Comparable Market Rates

When considering comparable market rates, the Board recognised the importance to investors of our funds being priced fairly in comparison with similar funds. The Board believes that while we have taken reasonable steps to ensure GAM Credit Opportunities (GBP) is priced at a level that reflects the active and differentiated offering it provides, it acknowledges the cost of this fund remains at the higher end of its relevant sector peer group (using the IA's sector averages).

The Board highlighted that the investment management of this fund is delegated to an expert third party and uses a cross-border global pricing model for its capabilities, which is typically higher than the UK pricing model. While the fee agreement is subject to regular reviews, the Board believes it is in the best interests of investors to retain the expertise of the third party at this fee level, rather than to disrupt the fund to potentially secure a small reduction in costs.

The pillar will therefore retain its rating of Requires Action in relation to GAM Credit Opportunities (GBP) and the Board will continue to carefully monitor the relative value of the fund but it accepts that the fund is likely to retain a higher-than-average cost.

Comparable Services

GAM Credit Opportunities (GBP) is managed using a master / feeder structure, with its master fund being the GAM Star Credit Opportunities. The Board found the cost structure of comparable funds, in this instance in other jurisdictions such as Ireland and Luxembourg, to be in line with those of GAM Credit Opportunities (GBP).

Classes of Units

GAM Investments regularly reviews its share class offering in a bid to ensure value is being offered to all applicable investors⁷. In response to this analysis, the Board concluded that the current share class offering for GAM Credit Opportunities (GBP) is reasonably valued.

Sustainability

As active investors, GAM Investments steadfastly believes that understanding environmental, social and governance issues related to our portfolios, and acting on them where appropriate, is integral to our ability to deliver better returns for our clients and better real-world outcomes. This includes identifying and evaluating sustainability risks, opportunities, and impacts.

GAM Investments has been a signatory to the PRI since 2014. Its sustainable investment framework is based on five pillars:

- Strong governance & policy framework
- Embedding ESG at the portfolio level
- Active stewardship
- Risk oversight and transparency
- Industry collaboration to improve policy and practices

Stewardship is a core element of GAM Investments' investment process, and critical in shaping the way we allocate, manage and oversee capital. We exercise our stewardship in three ways: voting, direct and collaborative engagements, and public policy engagement.

In 2022, GAM Investments exercised 89% of its voting rights for GAM Credit Opportunities (GBP).

GAM Investments also introduced new sustainability exclusions in response to client demand for GAM Credit Opportunities (GBP). This policy excludes or restricts investments in controversial weapons, civilian and conventional weapons, tobacco and coal, and reaches the United Nations Global Compact principles.

To support our clients in better understanding the ESG and climate characteristics of the funds, GAM Investments introduced a new Extended ESG Report in 2022⁸ – which includes a more granular breakdown of ESG ratings, UN Global Compact Compliance, Controversies, and carbon exposure. GAM Credit Opportunities (GBP) received a AAA ESG Portfolio Rating.

The Board is satisfied that, given the absence of specific sustainability objectives for the fund, the level of sustainability services provided by GAM Investments to GAM Funds constitutes value for its investors and trusts that further sustainability measures will gradually be introduced at an individual fund level.

Assessment of Value Rating

Overall, the Board is satisfied that GAM Credit Opportunities (GBP) provides value to its investors.

⁷ A table showing the range of fees for each fund and share class can be found in the Appendix

⁸ Available upon request.

GAM CONTINENTAL EUROPEAN EQUITY

	1. Quality of Service	Distribution and Marketing	Operational Services	IM Services	2. Performance	3. AFM Costs	4. Economies of Scale	5. Comparable Market Rates	6. Comparable Services	7. Classes of Units	8. Sustainability	Overall	
GAM Continental European Equity	●	●	●	●	●	●	●	●	●	●	●	●	
Provides Value	●												
Requires Action	●												
Poor	●												

Source: GAM

Quality of Service

For GAM Continental European Equity the Board remains satisfied that the highly experienced Investment Management team continues to operate on a robust, rigorous and risk-controlled basis. The Operational Services have been consistent over the past year and the Distribution and Marketing services have ensured that investors have had access to a regular flow of relevant information.

Overall, the Board concluded that the Quality of Service for GAM Continental European Equity provides value.

Performance

The investment objective of the fund is to achieve capital appreciation by investing primarily in equity-related securities listed on recognised markets within the EU and issued by companies with principal offices in Europe other than the UK. Company fundamentals will be considered in determining the allocation of investments and the fund manager will select investments using a fundamental, bottom-up⁹ investment approach.

The fund is in the Investment Association’s (IA) sector “Europe excluding UK” and is benchmarked against the MSCI Europe ex UK Index.

For the purposes of our analysis, we have adopted a time horizon of five years as being most applicable to the risk levels typically associated with these investment asset types, although it should be noted that the recommended minimum holding period for this fund is seven years.

Performance: The Board determined the fund has provided value given the long-term performance of the fund was in line with the relevant IA sector and the benchmark. The fund was found to be managed on an active¹⁰ basis and the fund is currently rated ★★ ★ by Morningstar (Source: Morningstar as at 31 December 2022).

AFM (Authorised Fund Manager) Costs

The Board was satisfied that the fund fees in comparison to the AFM costs incurred in running GAM Continental European Equity are fair and reasonable¹¹.

Economies of Scale

The Board was satisfied that GAM Continental European Equity benefits from the economies of scale available to GAM Investments through the scale of its Ireland and Luxembourg-domiciled fund ranges and its process of rigorous negotiations with third-party service providers.

However, at an individual fund level, the Board found that the fund had insufficient size to truly benefit from the available economies of scale, and due to the outflows during the year it was determined that it no longer had sufficient scale to represent value to investors.

In terms of Economies of Scale, the Board concluded that the fund Requires Action and that this action has resulted in the closure of the fund, and it was terminated on 31 January 2023.

⁹Bottom-up investing is an investment approach that focuses on the analysis of individual stocks and de-emphasises the significance of macroeconomic cycles and market cycles.

¹⁰Active management consists of making buy and sell investment decisions based on research, conviction and other factors. This approach is in contrast with passive management, which generally seeks to mirror an established index, such as the S&P 500.

¹¹A table showing the range of fees for each fund and share class can be found in the Appendix.

Comparable Market Rates

The Board concluded that the cost of this fund is in line with the sector average and aligns with the tasks given to the fund management team, which are to be active, exercise good judgement and secure the optimum returns for investors. The Board is satisfied that these costs are appropriate.

Comparable Services

The Board found the cost structure of comparable funds to be in line with those of GAM Continental European Equity.

Classes of Unit

GAM Investments regularly reviews its share class offering in a bid to ensure value is being offered to all applicable investors¹². In response to this analysis, the Board concluded that the current share class offering for GAM Continental European Equity is reasonably valued.

Sustainability

As active investors, GAM Investments steadfastly believes that understanding environmental, social and governance issues related to our portfolios, and acting on them where appropriate, is integral to our ability to deliver better returns for our clients and better real-world outcomes. This includes identifying and evaluating sustainability risks, opportunities, and impacts. GAM Investments has been a signatory to the PRI since 2014. Its sustainable investment framework is based on five pillars:

- Strong governance & policy framework
- Embedding ESG at the portfolio level
- Active stewardship
- Risk oversight and transparency
- Industry collaboration to improve policy and practices

Stewardship is a core element of GAM Investments' investment

process, and critical in shaping the way we allocate, manage and oversee capital. We exercise our stewardship in three ways: voting, direct and collaborative engagements, and public policy engagement.

In 2022, GAM Investments exercised 89% of its voting rights for GAM Continental European Equity.

GAM Investments also introduced new sustainability exclusions in response to client demand for GAM Continental European Equity. This policy excludes or restricts investments in controversial weapons, civilian and conventional weapons, tobacco and coal, and reaches the United Nations Global Compact principles.

To support our clients in better understanding the ESG and climate characteristics of the funds, GAM Investments introduced a new Extended ESG Report in 2022¹³ – which includes a more granular breakdown of ESG ratings, UN Global Compact Compliance, Controversies, and carbon exposure. GAM Continental European Equity received a AAA ESG Portfolio Rating.

The Board is satisfied that, given the absence of specific sustainability objectives for the fund, the level of sustainability services provided by GAM Investments to GAM Funds constitutes value for its investors and trusts that further sustainability measures will gradually be introduced at an individual fund level.

Assessment of Value Rating

Overall, the Board is satisfied that GAM Continental European Equity provides value to its investors.

¹²A table showing the range of fees for each fund and share class can be found in the Appendix.

¹³Available upon request.

GAM DISRUPTIVE GROWTH*

	1. Quality of Service	Distribution and Marketing	Operational Services	IM Services	2. Performance	3. AFM Costs	4. Economies of Scale	5. Comparable Market Rates	6. Comparable Services	7. Classes of Units	8. Sustainability	Overall
GAM Emerging Equity	●	●	●	●	N/A	●	●	●	●	●	●	●

Provides Value	●
Requires Action	●
Poor	●

Source: GAM

Quality of Service

For GAM Disruptive Growth the Board remains satisfied that the Operational Services have been consistent over the past year and the Distribution and Marketing services have ensured that investors had access to a regular flow of relevant information. From an Investment Management perspective, actions resulting from 2021’s Assessment of Value report meant that the fund was repositioned as GAM Disruptive Growth, a strategy that has delivered top quartile performance for investors over five and 10 years, and the management team would be replaced by Mark Hawtin, effective from 31 January 2022. In addition, GAM North American Growth was merged into GAM Disruptive Growth, effective from 13 June 2022, again reflecting actions outlined in the 2021 Assessment of Value report.

The Disruptive Growth strategy, launched in 2011, seeks to identify those companies both within and beyond the technology sector that are innovating with force and profoundly changing the way we live and work. The team focuses on active stock selection in order to identify growth opportunities and disruptive themes in areas such as software, cloud infrastructure, social media, advertising, retail and transportation. In doing so, the team seeks to position the portfolio to benefit from the generational changes that are occurring globally.

As a consequence of these fundamental changes, the Board is satisfied that the fund now Provides Value, although close monitoring remains in place.

Performance

For the purposes of our analysis, we have adopted a time horizon of five years as being most applicable to the risk levels typically associated with these investment asset types. Given the change of strategy outlined in the Quality of Service section, the track record for the GAM Disruptive Growth fund is less than one year and the Board felt this limited time period was insufficient for a fair assessment of performance over a market cycle. However, the Board will remain vigilant in monitoring the fund.

AFM (Authorised Fund Manager) Costs

The Board was satisfied that the fund fees in comparison to the AFM costs incurred in running GAM Disruptive Growth are fair and reasonable¹⁴.

Economies of Scale

The Board was satisfied that GAM Disruptive Growth benefits from the economies of scale available to GAM Investments through the scale of its Ireland and Luxembourg-domiciled fund ranges and its process of rigorous negotiations with third party service providers.

At an individual fund level, the Board found that the fund currently has insufficient size to truly benefit from the available economies of scale, but was satisfied that these were available should the fund’s size grow in future.

The Board pledged to remain vigilant in pursuing the potential for economies of scale as the size of the fund grows.

*formerly GAM Diversified Growth and GAM North American Growth

¹⁴A table showing the range of fees for each fund and share class can be found in the Appendix.

Comparable Market Rates

The Board concluded that the cost of this fund is in line with the sector average and aligns with the tasks given to the fund management team, which are to be active, exercise good judgement and secure the optimum returns for investors. The Board is satisfied that these costs are appropriate.

Comparable Services

The Board found the cost structure of comparable funds to be in line with those of GAM Disruptive Growth.

Classes of Unit

GAM Investments regularly reviews its share class offering in a bid to ensure value is being offered to all applicable investors¹⁵. In response to this analysis, the Board concluded that the current share class offering for GAM Disruptive Growth is reasonably valued.

Sustainability

As active investors, GAM Investments steadfastly believes that understanding environmental, social and governance issues related to our portfolios, and acting on them where appropriate, is integral to our ability to deliver better returns for our clients and better real-world outcomes. This includes identifying and evaluating sustainability risks, opportunities, and impacts. GAM Investments has been a signatory to the PRI since 2014. Its sustainable investment framework is based on five pillars:

- Strong governance & policy framework
- Embedding ESG at the portfolio level
- Active stewardship
- Risk oversight and transparency
- Industry collaboration to improve policy and practices

Stewardship is a core element of GAM Investments' investment

process, and critical in shaping the way we allocate, manage and oversee capital. We exercise our stewardship in three ways: voting, direct and collaborative engagements, and public policy engagement.

In 2022, GAM Investments exercised 100% of its voting rights for GAM Disruptive Growth.

GAM Investments also introduced new sustainability exclusions in response to client demand for GAM Disruptive Growth. This policy excludes or restricts investments in controversial weapons, civilian and conventional weapons, tobacco and coal, and reaches the United Nations Global Compact principles.

To support our clients in better understanding the ESG and climate characteristics of the funds, GAM Investments introduced a new Extended ESG Report in 2022¹⁶ – which includes a more granular breakdown of ESG ratings, UN Global Compact Compliance, Controversies, and carbon exposure. GAM Disruptive Growth received a AA ESG Portfolio Rating.

The Board is satisfied that, given the absence of specific sustainability objectives for the fund, the level of sustainability services provided by GAM Investments to GAM Funds constitutes value for its investors and trusts that further sustainability measures will gradually be introduced at an individual fund level.

Assessment of Value Rating

Overall, the Board is satisfied that GAM Disruptive Growth provides value to its investors.

¹⁵A table showing the range of fees for each fund and share class can be found in the Appendix.

¹⁶Available upon request.

GAM UK EQUITY INCOME

	1. Quality of Service	Distribution and Marketing	Operational Services	IM Services	2. Performance	3. AFM Costs	4. Economies of Scale	5. Comparable Market Rates	6. Comparable Services	7. Classes of Units	8. Sustainability	Overall
GAM UK Equity Income	●	●	●	●	●	●	●	●	●	●	●	●
Provides Value	●											
Requires Action	●											
Poor	●											

Source: GAM

Quality of Service

For GAM UK Equity Income the Board remains satisfied that the highly experienced Investment Management team continues to operate on a robust, rigorous and risk-controlled basis and incorporates ESG criteria into its investment process. The Operational Services have been consistent over the past year and the Distribution and Marketing services have ensured that investors had access to a regular flow of relevant information.

Overall, the Board concluded that the Quality of Service for GAM UK Equity Income provides value.

Performance

The investment objective of the fund is to provide income and achieve capital appreciation through investing at least two-thirds of its assets in UK equities without restrictions either by company, size or industry.

The fund is in the Investment Associations’ (IA) sector “UK Equity Income” and is benchmarked against the FTSE All-Share Index.

For the purposes of our analysis, we have adopted a time horizon of five years as being most applicable to the risk levels typically associated with these investment asset types, which is also in line with the fund’s recommended minimum holding period.

Performance: The Board determined the fund has provided value given its long-term performance was higher than the IA sector and the benchmark. The fund was found to be managed on an active¹⁷ basis and the fund is currently rated ★★★★★ by Morningstar (Source: Morningstar as at 31 December 2022).

AFM (Authorised Fund Manager) Costs

The Board was satisfied that the fund fees in comparison to the AFM costs incurred in running GAM UK Equity Income are fair and reasonable¹⁸.

Economies of Scale

The Board was satisfied that GAM UK Equity Income benefits from the economies of scale available to GAM Investments through the scale of its Ireland and Luxembourg-domiciled fund ranges and its process of rigorous negotiations with third party service providers.

At an individual fund level, the Board found that the fund currently has insufficient size to truly benefit from the available economies of scale, but was satisfied that these were available should the fund’s size grow in future.

The Board pledged to remain vigilant in pursuing the potential for economies of scale as the size of the fund grows.

¹⁷Active management consists of making buy and sell investment decisions based on research, conviction and other factors. This approach is in contrast with passive management, which generally seeks to mirror an established index, such as the S&P 500.

¹⁸A table showing the range of fees for each fund and share class can be found in the Appendix.

Comparable Market Rates

The Board concluded that the cost of this fund is in line with its sector and is reflective of the tasks given to the fund management team, to be active¹⁹, exercise good judgement and secure the optimum returns for investors. The Board is satisfied that these costs are appropriate.

Comparable Services

There are no comparable services for this fund, however, a UK advisory mandate was considered to be adequately priced by the Board in the context of its much lower service offering compared with the fund.

Classes of Unit

GAM Investments regularly reviews its share class offering in a bid to ensure value is being offered to all applicable investors²⁰. In response to this analysis, the Board concluded that the current share class offering for GAM UK Equity Income is reasonably valued.

Sustainability

As active investors, GAM Investments steadfastly believes that understanding environmental, social and governance issues related to our portfolios, and acting on them where appropriate, is integral to our ability to deliver better returns for our clients and better real-world outcomes. This includes identifying and evaluating sustainability risks, opportunities, and impacts. GAM Investments has been a signatory to the PRI since 2014. Its sustainable investment framework is based on five pillars:

- Strong governance & policy framework
- Embedding ESG at the portfolio level
- Active stewardship
- Risk oversight and transparency
- Industry collaboration to improve policy and practices

Stewardship is a core element of GAM Investments' investment process, and critical in shaping the way we allocate, manage and oversee capital. We exercise our stewardship in three ways: voting, direct and collaborative engagements, and public policy engagement.

In 2022, GAM Investments exercised 97% of its voting rights for GAM UK Equity Income.

To support our clients in better understanding the ESG and climate characteristics of the funds, GAM Investments introduced a new Extended ESG Report in 2022²¹ – which includes a more granular breakdown of ESG ratings, UN Global Compact Compliance, Controversies, and carbon exposure. GAM UK Equity Income received a AAA ESG Portfolio Rating.

The Board is satisfied that, given the absence of specific sustainability objectives for the fund, the level of sustainability services provided by GAM Investments to GAM Funds constitutes value for its investors and trusts that further sustainability measures will gradually be introduced at an individual fund level.

Assessment of Value Rating

Overall, the Board is satisfied that GAM UK Equity Income provides value to its investors.

¹⁹Active management consists of making buy and sell investment decisions based on research, conviction and other factors. This approach is in contrast with passive management, which generally seeks to mirror an established index, such as the S&P 500.

²⁰A table showing the range of fees for each fund and share class can be found in the Appendix.

²¹Available upon request.

NOTE FROM THE CHAIRMAN

We, as a Board, are satisfied that our value assessments show that the funds within GAM Sterling Management Limited offer value overall, but that a small number of action items have been identified. The Board has plans in place to monitor these actions over the next annual cycle and will relate their progress in the next report.



APPENDIX

Overview of share classes for GAM Funds

Fund Name	Accumulating Yes/No	Periodic Change	Custodian Fee	Ongoing charges (OCF)#
GAM Continental European Equity				
GAM Continental European Equity Inst GBP Acc	Yes	0.7000%	0.0160%	0.8000%
GAM Credit Opportunities (GBP)				
GAM Credit Opportunities (GBP) Inst Acc	Yes	1.0000%	0.0160%	1.1200%
GAM Credit Opportunities (GBP) Inst Inc	No	1.0000%	0.0160%	1.1200%
GAM Credit Opportunities (GBP) Z Acc	Yes	0.8000%	0.0160%	0.9200%
GAM Credit Opportunities (GBP) Z Inc	No	0.8000%	0.0160%	0.9200%
GAM Disruptive Growth				
GAM Disruptive Growth Inst GBP Acc	Yes	0.7500%	0.0160%	0.8400%
GAM Disruptive Growth Inst GBP Inc	No	0.7500%	0.0160%	0.8400%
GAM Disruptive Growth R GBP Acc	Yes	0.7100%	0.0160%	0.8700%
GAM Disruptive Growth R GBP Inc	No	0.7100%	0.0160%	0.8700%
GAM Disruptive Growth Z GBP Inc*	No	0.4500%	0.0160%	0.5500%
GAM Disruptive Growth Z GBP Acc*	Yes	0.4500%	0.0160%	0.5500%
GAM Disruptive Growth- ZII GBP Acc*	Yes	0.7200%	0.0160%	0.8100%
GAM UK Equity Income				
GAM UK Equity Income Inst Semi-Annual GBP Acc	Yes	0.7500%	0.0160%	0.7800%
GAM UK Equity Income Inst Semi-Annual GBP Inc	No	0.7500%	0.0160%	0.7900%
GAM UK Equity Income Z Semi-Annual GBP Acc**	Yes	0.5500%	0.0160%	0.5800%
GAM UK Equity Income Z Semi-Annual GBP Inc**	No	0.5500%	0.0160%	0.5800%
GAM UK Equity Income ZII GBP Acc***	Yes	0.0700%	0.0160%	0.0900%

Source: GAM

The OCF remunerates the services of the ACD, the Investment Adviser, the Administrator, the Depositary and the Transfer Agent as well as for the distribution of the Fund.

* Share class launched for seed investors only and not publicly available.

** Share class previously launched for early bird investors.

*** This class is for internal use only.

Note: The Subscription fee was removed from all classes, as part of a Prospectus update dated 24/02/2021.

BIOGRAPHIES FOR THE BOARD OF GAM STERLING MANAGEMENT LIMITED, THE AUTHORISED CORPORATE DIRECTOR (ACD) OF GAM FUNDS

**Simon Ellis**

Acting chairman and independent non-executive director of GAM Sterling Management Limited

Simon Ellis is the acting chairman, as well as an independent non-executive director, of GAM Sterling Management Limited. He has over 40 years' experience in financial services and has held various managing director and CEO roles in retail asset management organisations and global financial institutions. During his extensive career, Simon has acquired board-level experience and a strong understanding of the investment, regulatory and risk relating to the operation of a financial institution and the needs of its clients, investors and stakeholders.

Simon acted as the Chief Executive Officer during his time at AXA Investment Managers (2004-2005) and at Fidelity International (2006-2009). He then moved to a Managing Director role at Legal and General Investments from 2009-2013 shortly before moving to HSBC as the Global Head of Client Segments where he was responsible for aligning the asset management client strategy with that of the broader bank. Simon was appointed as a Non-Executive Director and was also a member of the Global Product Committee, the leader of the UK Mentoring Programme and founder of the Innovation Forum.

In addition to his GAM Sterling appointment, Simon currently holds the following non-executive director positions:

- Lifesight Limited Ltd
- Morgan Stanley Investment Management (ACD) Limited
- Marlborough Investment Management Ltd

He has also been the Chair of Vision Independent Financial Planning, the IFA subsidiary of Rathbones plc, since April 2020.



Charles Naylor is the chief executive of GAM Sterling Management Limited. He is the global head of corporate communications and investor relations. Prior to joining GAM Investments in February 2020, Charles was the interim head of corporate affairs and marketing at Puma Energy in Geneva. He has also worked at Credit Suisse Group as the chief communications officer between 2004 and 2011 based in Zurich. Charles has held the leading communications role at the Hess Corporation, Centrica, HSBC and the Confederation of British Industry. He holds a master's degree in History from the University of Cambridge and an MBA from Henley Business School. Charles is based in London.

Charles Naylor
Chief executive of GAM
Sterling Management
Limited



Dr Sybille Hofmann is an independent non-executive director of GAM Sterling Management Limited. She has more than 25 years' experience as a senior executive in financial services and over 20 years in the global asset management industry with a focus on the UK, Germany, Ireland and Luxembourg. During her extensive career at Deutsche Bank and Invesco, she has headed Operations and a number of control functions including Operational and Investment Risk Management, Anti-Money Laundering and Outsourcing Oversight. She was also responsible for the supervision of client assets and led major change initiatives.

Sybille has served on various boards at Invesco as an executive director in the UK, Ireland and Continental Europe and held various approved functions across Europe. Through her career, Sybille has acquired broad experience and extensive knowledge of the regulatory framework and the required governance structures in asset management to ensure good client outcomes.

In addition to her GAM Sterling appointment, Sybille currently acts as an independent director on the supervisory board of La Française Systematic Asset Management GmbH in Germany and on various boards of Janus Henderson Group in Luxembourg.

Dr Sybille Hofmann
Independent
non-executive director
of GAM Sterling
Management Limited

For more on information on our responsible investment approach, please see the relevant section of our website www.gam.com

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