

April 2024 |

GAM FUNDS: ASSESSMENT OF VALUE REPORT 2024



GAM
Investments

For GAM Funds with the accounting year-end at 31 December 2023

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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.

2023 provided a sea-change in the macroeconomic and global investment environment. Inflation and interest rates rose to levels not seen for over a decade, and markets reacted with greater uncertainty as to the direction of the global economy. As a consequence, both equities and bonds suffered from heightened volatility, challenging investment managers to protect value for customers.

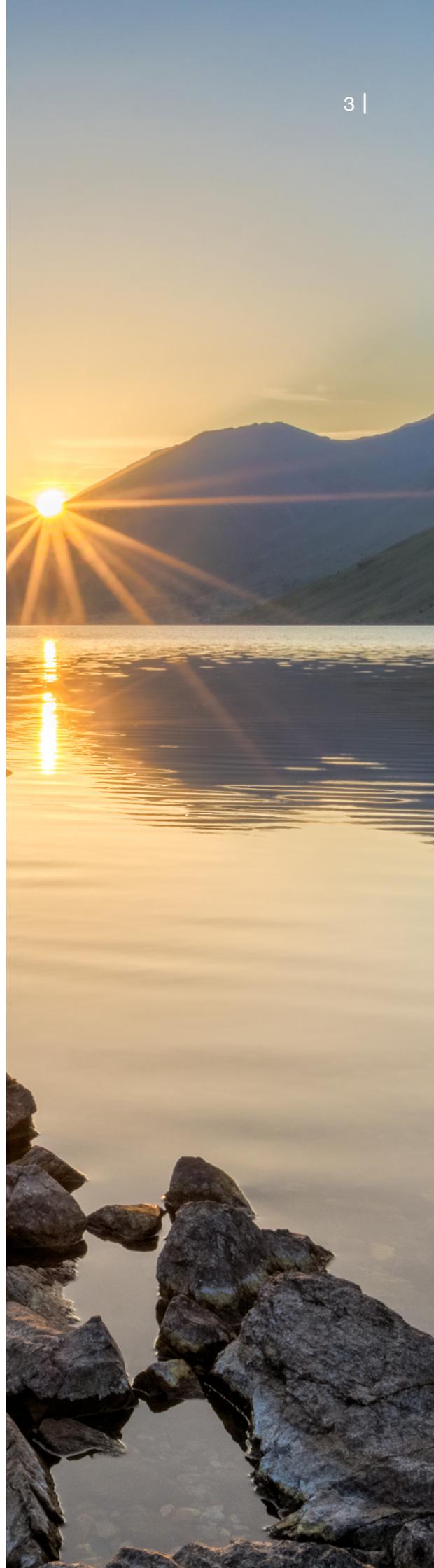
By coincidence the year proved to be a challenging period for GAM Investments¹ at a corporate level too. The main Group was the subject of a takeover bid from another UK asset management firm and, after successful negotiations with an alternative second bidder, it was agreed by shareholders, at an Extraordinary General Meeting on 27 September 2023 to elect a new Group Management Board. Many of the senior leadership team from GAM have remained with the firm to guide the company into the future, with strong financial backing and a clear strategy.

Throughout this period, the Board of GAM Sterling Management Limited ('the Board'), the Authorised Corporate Director of GAM Funds, remained completely focused on its duty to customers by maintaining vigilance on the factors assessed in this report.

In this light, the Board has undertaken 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 for the year ending 31 December 2023. 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 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.
- **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).
- **Classes of units** – a review of existing share classes to ensure investors are being offered the most suitable share class in terms of value.

¹ GAM Investments is a brand name for the Group of entities owned, by the Swiss listed GAM Holding AG, which is the ultimate parent of GAM Sterling Management Limited.





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 assessments undertaken within this report will also help us to deliver the new standards that the FCA introduced in 2023 through its new Consumer Duty principles, which require firms “to act to deliver good outcomes for retail customers”. The four Consumer Duty outcomes cover Products and Services, Price and Value, Consumer Understanding and Consumer Support. These are all areas that come under consideration within this Assessment of Value analysis and, therefore, we will also scrutinise our outcomes through a Consumer Duty lens.

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

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

April 2024

² Biographies 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 on 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 the progress and prospects of their funds, particularly in light of the new Consumer Duty Principles to increase consumer understanding. This means our clients 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. In addition, 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 for the funds, 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 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.

³ 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.

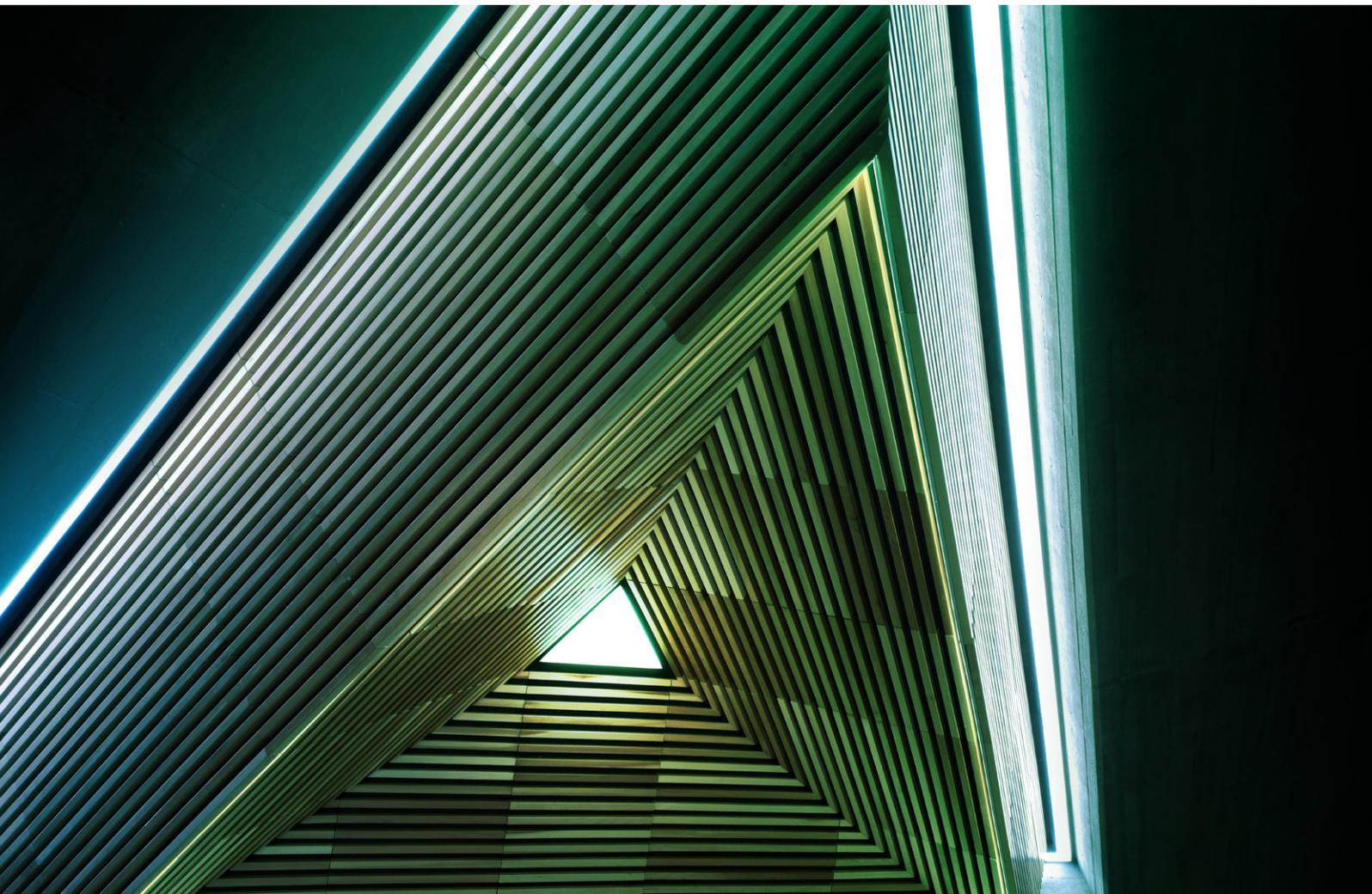
PERFORMANCE

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 investors' reasonable expectations, with reference to 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 Association's (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.⁴

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.

⁴Note, the recommended minimum holding period for some of the funds within the umbrella is seven years.



AFM (AUTHORISED FUND MANAGER) COSTS

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

Our approach here is to consider whether the total charges paid by investors of the fund were reasonable in the context of the respective total internal costs per 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 January 2018. Additionally, there are no performance fees applied by the funds and no initial charges to subscriptions.

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.

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 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 GAM funds were reviewed.

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 MARKET RATES

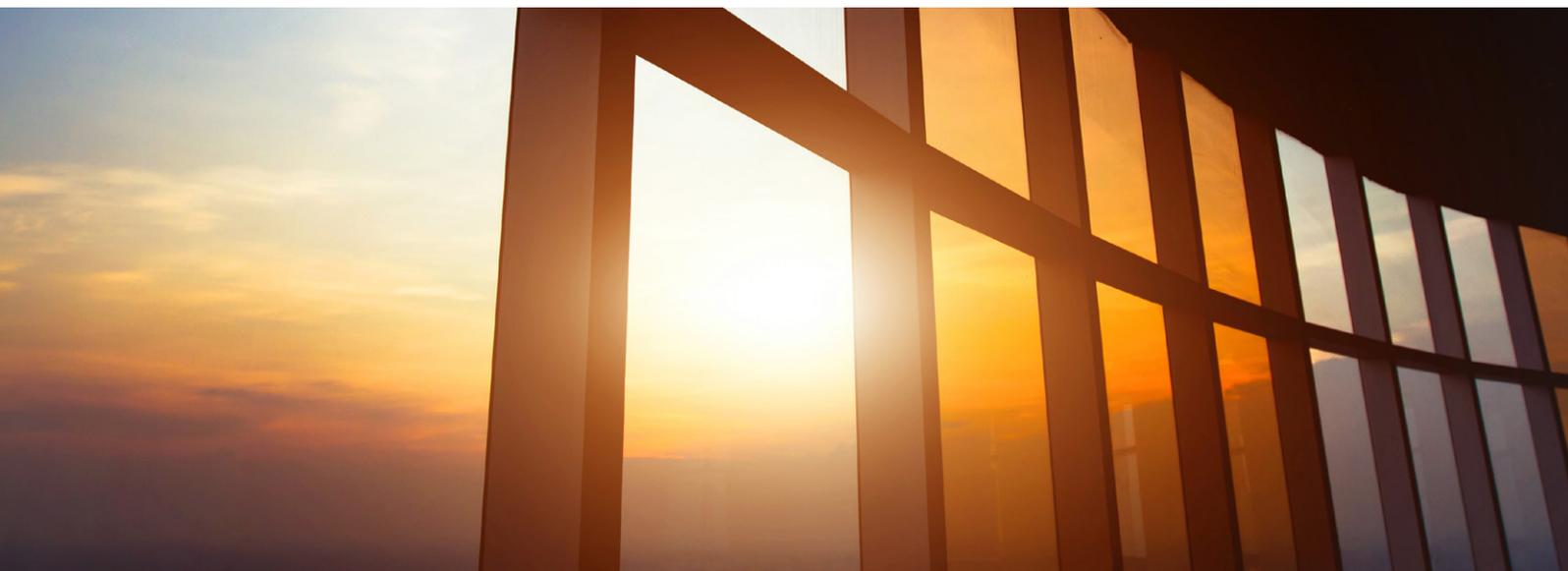
A comparison of the charges applied by the fund in relation to the wider marketplace (i.e. an appropriate peer group / sector).

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.

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
- **May Require Action** – where we have identified areas for improvement that have impacted the level of value delivered and where action may be conducted depending on the reason for the Amber rating
- **Poor** – where we feel the provision of fair value has fallen significantly short of expectations and action is required

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.

Value Assessment – Overall Rating

		GAM Credit Opportunities (GBP)	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 Services	9%	●	●	●
6. Comparable Market Rates	20%	●	●	●
7. Classes of Units	9%	●	●	●
8. Sustainability	9%	●	●	●
Overall (weighted average)				
Provides Value	●			
May Require Action	●			
Poor	●			

Source: GAM

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	●
May Require 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 SA⁵. 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, with website accessibility improvements being introduced during 2023 to enhance the navigability, readability and to make the online content more accessible to all users, irrespective of their abilities. These enhancements also support the delivery of the Consumer Duty requirements of Consumer Understanding and Consumer Support.

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

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 (green) 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 active⁶ 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 reasonable⁷ (green).

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 (green).

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 and, in the meantime, an expense cap is in place to protect the fund from any negative economies of scale impacts.

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 GAM funds, in this instance in other jurisdictions such as Ireland and Luxembourg, to be in line with those of GAM Credit Opportunities (GBP), with the investment management fee being the same.

⁵ Domiciled and regulated in Switzerland.

⁶ 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.

⁷ 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 investment manager at this fee level, rather than to disrupt the fund to potentially secure a small reduction in costs.

This pillar will therefore retain its rating of May Require Action (amber) in relation to GAM Credit Opportunities (GBP) and the Board will continue to carefully monitor the relative value of the fund, but it accepts there is limited independent action that it can take in this area, and that the fund is likely to retain a higher-than-average cost unless there is a change to the master fund’s pricing.

Classes of Units

GAM Investments regularly reviews its share class offering in a bid to ensure value is being offered to all applicable investors.⁸ In May 2023, the names of all share classes in the GAM Funds umbrella were updated to reflect a new simplified share class naming convention that aligns with the typical naming conventions used in the UK market – this change is in line with the FCA’s Consumer Duty Principles concerning Price and Value, as well as Consumer Understanding.

- A** = share class is available to the general public
- B** = share class is available with a minimum initial investment of GBP 20,000,000 (or foreign currency equivalent)
- D** = share class is issued exclusively to companies which form part of the GAM Group or to UCITS that are managed or have been launched by the GAM Group.
- F** = share class is legacy share class that is no longer available for investment.
- G** = share class is legacy share class that is no longer available for investment.

In response to this year’s analysis, the Board concluded that the current share class offering for GAM Credit Opportunities (GBP) is fair (green).

Sustainability

As active investors, GAM Investments 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 guided by three principles:

- **Driving value for our clients** – we are committed to focusing our ESG integration, stewardship, and industry collaboration to support our investment strategies, expertise and insights to best deliver for our clients.
- **Supporting high standards** – we believe high standards in sustainability and transparency are key to a well-functioning company and market.
- **Striving for a positive impact** – we challenge ourselves and the companies in which we invest to improve their performance and outcomes.

As part of our commitment to sustainable and responsible business practices, we are proud signatories to the UN Global Compact and seek to embed the Ten Principles of the UN Global Compact into strategies and operations.

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 2023, GAM Investments exercised 86% of its voting rights for GAM Credit Opportunities (GBP).

GAM Investments also has sustainability exclusions for GAM Credit Opportunities (GBP). This policy excludes or restricts investments in controversial weapons, civilian and conventional weapons, tobacco and coal, and breaches the United Nations Global Compact principles.

To support our clients in better understanding the ESG and climate characteristics of the funds, GAM Investments produces an Extended ESG Report⁹ – which includes a more granular breakdown of ESG ratings, UN Global Compact Compliance, Controversies, and carbon exposure. GAM Credit Opportunities (GBP) received an AA ESG Portfolio Rating as at 29 Dec 2023.

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 (green) 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 (green) to its investors.

⁸ A table showing the range of fees for each fund and share class can be found in the Appendix

⁹ Available 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	●
May Require 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, with website accessibility improvements being introduced during 2023 to enhance the navigability, readability and to make the online content more accessible to all users, irrespective of their abilities. These enhancements also support the delivery of the Consumer Duty requirements of Consumer Understanding and Consumer Support.

Over the period under review the fund was managed by Mark Hawtin. The Board wishes to advise investors that from February 2024 there will be a change in portfolio manager, and that the new manager, Paul Markham, has a strong track record and many years of experience as a global equities portfolio manager

Overall, the Board is satisfied that the Quality of Service for GAM Disruptive Growth provides value (green), but given the change of fund manager close monitoring will remain in place.

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 the equities of companies that have the ability to disrupt existing products or services through deploying technology and therefore demonstrate the opportunity for long-term growth.

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 fund’s strategy was changed in January 2022 (as outlined

in last year’s [Assessment of Value Report](#)), the track record for the GAM Disruptive Growth fund is less than two years 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 in accordance with the performance of its benchmark, MSCI World Growth TR, and its peer group, the IA Global Equity sector.

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 reasonable¹⁰ (green).

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 (green).

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 and in the meantime an expense cap is in place to protect the fund from any negative economies of scale impacts.

Comparable Services

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

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

*formerly GAM Diversified Growth and GAM North American Growth

¹⁰ A table showing the range of fees for each fund and share class can be found in the Appendix.

judgement and secure the optimum returns for investors. The Board is satisfied that these costs are appropriate (green).

Classes of Unit

GAM Investments regularly reviews its share class offering in a bid to ensure value is being offered to all applicable investors.¹¹ In May 2023, the names of all share classes in the GAM Funds umbrella were updated to reflect a new simplified share class naming convention that aligns with the typical naming conventions used in the UK market – this change is in line with the FCA’s Consumer Duty Principles concerning Price and Value, as well as Consumer Understanding.

- A = share class is available to the general public
- B = share class is available with a minimum initial investment of GBP 20,000,000 (or foreign currency equivalent)
- D = share class is issued exclusively to companies which form part of the GAM Group or to UCITS that are managed or have been launched by the GAM Group.
- F = share class is legacy share class that is no longer available for investment.
- G = share class is legacy share class that is no longer available for investment.

In response to this analysis, the Board concluded that the current share class offering for GAM Disruptive Growth is reasonably valued (green).

Sustainability

As active investors, GAM Investments 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 guided by three principles:

- **Driving value for our clients** – we are committed to focusing our ESG integration, stewardship, and industry collaboration to support our investment strategies, expertise and insights to best deliver for our clients.
- **Supporting high standards** – we believe high standards in sustainability and transparency are key to a well-functioning company and market.
- **Striving for a positive impact** – we challenge ourselves and the companies in which we invest to improve their performance and outcomes.

As part of our commitment to sustainable and responsible business practices, we are proud signatories to the UN Global Compact and seek to embed the Ten Principles of the UN Global Compact into strategies and operations.

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 2023, GAM Investments exercised 100% of its voting rights for GAM Disruptive Growth.

GAM Investments also introduced new sustainability exclusions for GAM Disruptive Growth. This policy excludes or restricts investments in controversial weapons, civilian and conventional weapons, tobacco and coal, and breaches 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 2022¹² – which includes a more granular breakdown of ESG ratings, UN Global Compact Compliance, Controversies, and carbon exposure. GAM Disruptive Growth received an A ESG Portfolio Rating as at 29 December 2023.

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 (green) 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 (green) to its investors.

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

¹² Available 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	●											
May Require 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, with website accessibility improvements being introduced during 2023 to enhance the navigability, readability and to make the online content more accessible to all users, irrespective of their abilities. These enhancements also support the delivery of the Consumer Duty requirements of Consumer Understanding and Consumer Support.

In November 2023, it was announced that GAM UK Equity Income fund management would be transferred to Jupiter, along with the two portfolio managers, under a sub-advisory agreement from 8 January 2024, with the portfolio being formally transferred to Jupiter’s platform later in 2024, subject to customary approvals. This transfer was initiated to ensure a seamless transition for clients and to enable them to remain invested in the fund.

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

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 (green) given its long-term performance was in line with its benchmark and was higher than the IA sector. The fund was found to be managed on an active¹³ basis and the fund is currently rated ★★ by Morningstar (source Morningstar as at 31 December 2023).

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 reasonable (green).¹⁴

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 (green).

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 and in the meantime an expense cap is in place to protect the fund from any negative economies of scale impacts.

¹³ 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.

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

Comparable Services

The only comparable service for this fund is a UK advisory mandate that was considered to be adequately priced by the Board in the context of its much lower service offering compared with the fund (green).

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 active¹⁵, exercise good judgement and secure the optimum returns for investors. The Board is satisfied that these costs are appropriate (green).

Classes of Unit

GAM Investments regularly reviews its share class offering in a bid to ensure value is being offered to all applicable investors.¹⁶ In May 2023, the names of all share classes in the GAM Funds umbrella were updated to reflect a new simplified share class naming convention that aligns with the typical naming conventions used in the UK market – this change is in line with the FCA’s Consumer Duty Principles concerning Price and Value, as well as Consumer Understanding.

- A = share class is available to the general public
- B = share class is available with a minimum initial investment of GBP 20,000,000 (or foreign currency equivalent)
- D = share class is issued exclusively to companies which form part of the GAM Group or to UCITS that are managed or have been launched by the GAM Group.
- F = share class is legacy share class that is no longer available for investment.
- G = share class is legacy share class that is no longer available for investment.

In response to this analysis, the Board concluded that the current share class offering for GAM UK Equity Income is reasonably valued (green).

Sustainability

As active investors, GAM Investments 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 guided by three principles:

- Driving value for our clients – we are committed to focusing our ESG integration, stewardship, and industry collaboration to support our investment strategies, expertise and insights to best deliver for our clients.
- Supporting high standards – we believe high standards in sustainability and transparency are key to a well-functioning company and market.
- Striving for a positive impact – we challenge ourselves and the companies in which we invest to improve their performance and outcomes.

As part of our commitment to sustainable and responsible business practices, we are proud signatories to the UN Global Compact and seek to embed the Ten Principles of the UN Global Compact into strategies and operations.

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 2023, GAM Investments exercised 100% 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 2022¹⁷ – which includes a more granular breakdown of ESG ratings, UN Global Compact Compliance, Controversies, and carbon exposure. GAM UK Equity Income received a AA ESG Portfolio Rating as at 29 December 2023.

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 (green) 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 (green) to its investors.

¹⁵ 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.

¹⁶ A table showing the range of fees for each fund and share class can be found in the Appendix.

¹⁷ Available upon request.

NOTE FROM THE CHAIRMAN

We, as a Board, are satisfied that our value assessments for the year ending 31 December 2023 show that the funds within GAM Sterling Management Limited offer value overall, and we will continue to look for further opportunities to improve the value for clients even though no specific actions have been identified during this year's AoV process.

As previously, the Board pledges to monitor these funds over the next annual cycle and will relate their progress in next year's report.



APPENDIX

Overview of share classes

Fund Name	Accumulating Yes/No	Periodic Change	Custodian Fee	Ongoing charges (OCF)*
GAM Credit Opportunities (GBP)				
GAM Credit Opportunities (GBP) A Acc	Yes	1.0000%	0.02%	1.1500%
GAM Credit Opportunities (GBP) A Inc	No	1.0000%	0.02%	1.1500%
GAM Credit Opportunities (GBP) B Acc	Yes	0.8000%	0.02%	0.9500%
GAM Credit Opportunities (GBP) B Distribution Quarterly Inc	No	0.8000%	0.02%	0.9500%
GAM Disruptive Growth				
GAM Disruptive Growth A Shares GBP Acc	Yes	0.7000%	0.02%	0.7100%
GAM Disruptive Growth A Shares GBP Inc	No	0.7000%	0.02%	0.7100%
GAM Disruptive Growth F GBP Acc	Yes	1.1500%	0.02%	1.1900%
GAM Disruptive Growth F GBP Inc	No	1.1500%	0.02%	1.1900%
GAM Disruptive Growth G GBP Inc	No	0.4500%	0.02%	0.4800%
GAM Disruptive Growth G GBP Acc	Yes	0.4500%	0.02%	0.4800%
GAM UK Equity Income				
GAM UK Equity Income A Distribution Accumulation Shares	Yes	0.5500%	0.02%	0.6000%
GAM UK Equity Income A Distribution Income Shares	No	0.5500%	0.02%	0.6000%
GAM UK Equity D Accumulation#	Yes	0.0750%	0.02%	0.0400%

Source: GAM

* Please note that the OCF figures shown in the above table are draft as the final figures were unavailable at the time of publication.

Internal share class.

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



Simon Ellis
Chairman and independent non-executive director of GAM Sterling Management Limited

Simon Ellis is the 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
Chief executive of GAM
Sterling Management
Limited

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.



Dr Sybille Hofmann
Independent
non-executive director
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.

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

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