08 August 2024

PRESS RELEASE

Ad hoc announcement pursuant to Art. 53 Listing Rules:

GAM Holding AG announces first half 2024 results

Strong progress on turnaround strategy implementation supported by significant financial commitment from anchor shareholder through fully underwritten rights issue. GAM targets to achieve profitability in fiscal year 2026.

Financial Highlights for H1 2024

- AuM at CHF 19.0 billion compared to CHF 19.3 billion as at 31 December 2023.
- IFRS net loss of CHF 39.1 million compared to CHF 71.2 million for the first half of 2023.
- Underlying loss before tax of CHF 33.2 million compared to CHF 22.5 million for the first half of 2023.
- Cost optimisation initiatives across the business resulted in a 20% decrease in underlying expenses compared to first half of 2023.
- Strong investment performance with 79% of AuM* beating their benchmark and 88% beating their benchmark over a three-year and five-year period respectively.
- European Equity strategies attracting material positive net inflows along with some net inflows across other strategies. Overall net outflows totalled CHF 1.8 billion for the first half of 2024.
- An ordinary capital increase by way of a rights issue of up to CHF 100 million, fully underwritten by anchor shareholder, expected to be launched in late Q3 or early Q4 2024.
- The existing CHF 100 million loan facility remains in place until June 2025 with a possible maturity extension granted by Rock Investment SAS / NJJ Holding SAS if required.

Elmar Zumbuehl, Group CEO at GAM said: “We have made great progress in implementing our turnaround strategy and building the foundations for future growth and sustainable profitability. Our investment performance remains strong, and we are focused on our clients, enhancing distribution and launching new distinctive products, all to drive future positive net inflows. We are targeting to achieve profitability in fiscal year 2026."

Anthony Maarek, Managing Director of NJJ Holding SAS said: “NJJ Holding is a committed long-term strategic shareholder of GAM, providing stability and support for its growth strategy. We have fully underwritten the rights issue and we are ready to extend the loan facility if needed. We value GAM’s heritage, unique financial and operating skills in the asset management sector and believe in its ability to grow and become profitable.”

* % of investment management AuM in funds outperforming their respective benchmark (excluding mandates and segregated accounts). Three and five-year investment performance as at 30 Jun 2024 based on applicable AuM. The assets under management analysed refer to onshore open-ended funds. Past performance is not a reliable indicator of future results.

Summary Financials

In the first half of 2024, we reported IFRS net loss after tax of CHF 39.1 million, compared with an IFRS net loss after tax of CHF 71.2 million in the first half of 2023. The loss in the first half of 2024 was mainly driven by the underlying net loss after tax of CHF 33.4 million and non-core items of CHF 5.3 million. Non-core items primarily relate to reorganisation charges.

Please refer to the 'Financial Results for H1 2024' section later in this press release for full information.

Financial Strength

To support the implementation of GAM's strategy and provide long-term financial stability, shareholders at the Annual General Meeting in May 2024 approved an ordinary capital increase by way of a rights issue. The rights issue, of up to CHF 100 million, is fully underwritten by Rock Investment SAS (a subsidiary of NJJ Holding SAS) and will provide enhanced long-term financial stability for GAM. Given the underwriting commitment, it is expected that Rock Investment SAS will become the majority shareholder of GAM following the rights issue.

The implementation of GAM's turnaround strategy is progressing well, and we are targeting to achieve profitability in fiscal year 2026.The existing CHF 100 million loan facility remains in place until June 2025 with a possible maturity extension granted by Rock Investment SAS / NJJ Holding SAS if required.

Strategy Update

GAM's strategy is designed to achieve sustainable growth and profitability by delivering best possible investment performance and exemplary service for our clients.

GAM is focusing exclusively on its Investment and Wealth Management businesses, expanding its distribution reach and capabilities, amplifying its core active strategies, and diversifying into new product areas, including rebuilding its alternatives capabilities.

- **We are an independent, pureplay, active investment and wealth manager**, headquartered in Switzerland with a global presence.

- **We are no longer a third-party fund services business**, having sold that business to Carne Group in January this year.

- **We will no longer operate fund management company (ManCo) activities**, having reached definitive agreements to outsource and transfer our ManCo activities in Luxembourg, Switzerland, Dublin and the UK.

We have made great progress in 2024 on our four-pillar strategy to transform GAM into a more focused, client-centric, and profitable business:

Clients - focusing on clients in existing core markets and expanding our distribution reach and capabilities. We established a strategic alliance with **Sun Hung Kai & Co. Ltd.** to grow our client base, distribute our products, and innovate our alternatives offering across the Greater China region. We have also enhanced our regional presence and client coverage by hiring new heads of distribution for key markets, building out client teams, and we are opening new offices in Miami and Paris.

Amplification - amplifying and growing our core active strategies in equity, fixed income and multi-asset by investing in talent and product ideas. We have built out our Global and Emerging Market Equities teams. We have also established a Multi-Asset centre of excellence to optimise all our Multi-Asset investment capabilities, enhance client outcomes, and align with evolving market dynamics and client needs. In addition, we have strengthened our sustainability and stewardship practices, meeting the principles of the UK and Swiss Stewardship Codes.

Diversification - diversifying into new investment product areas and building wealth management offering by leveraging our heritage of active management and our alternatives and hedge funds platform. We have hired Randel Freeman as Co-head / Co-CIO of GAM Alternatives to build out our alternative investments platform to meet growing investor demand with differentiated offerings. We have agreed with Avenue Capital Group, regarding their Sports Opportunities Fund, to launch GAM funds to introduce and distribute this fund globally (outside the US). We are launching the GAM LSA Private Shares strategy in Europe to provide access for European clients to this award-winning evergreen, late-stage private equity fund. We are continuously exploring opportunities for acquisitions of investment teams and strategic investment partnerships, as well as preparing further product launches.

Effectiveness - enhancing effectiveness by reducing complexity and focusing on our investment management capabilities. We have sold our third-party fund services business to Carne Group, are transferring our ManCo activities to Apex Group and 1741 Group and are completing our move to the Simcorp cloud-based single investment operating platform. We are also optimising our real estate footprint and costs, streamlining our service providers and renegotiating terms where appropriate, whilst recognising and rewarding our diverse and committed talent pool.

As a consequence of these strategic steps, in particular the transfer of ManCo activities, we expect to significantly reduce our fixed personnel and general expenses, while investing in our client facing and investment management teams.

Investment Performance

GAM has continued to deliver a strong investment performance across our diverse and distinctive products, with 79% of Investment Management assets under management (AuM) outperforming their three-year benchmark and 88% outperforming their five-year benchmark, as at 30 June 2024.

Percentage of GAM Fund AuM Outperforming Benchmark

	3 years	**3 years**	**5 years**	**5 years**
Asset Class	**30 June 2024**	**31 Dec 2023**	**30 June 2024**	**31 Dec 2023**
Fixed income	100%	98%	94%	91%
Equity	43%	39%	76%	59%
Alternatives	77%	73%	97%	96%
Total	**79%**	**78%**	**88%**	**81%**

% of AuM in funds outperforming their benchmark (excluding mandates and segregated accounts). Three- and five-year investment performance based on applicable AuM of CHF 10.7 billion and CHF 10.5 billion, respectively.

GAM has also delivered strong investment performance compared to our peer group with 79% of Investment Management AuM outperforming their three-year Morningstar peer group and 78% outperforming their five-year Morningstar peer group, as at 30 June 2024.

Percentage of GAM Fund AuM Outperforming Morningstar Peer Group

	3 years	**3 years**	**5 years**	**5 years**
Asset Class	**30 June 2024**	**31 Dec 2023**	**30 June 2024**	**31 Dec 2023**
Fixed income	58%	53%	56%	50%
Equity	85%	51%	82%	89%
Alternatives	91%	89%	97%	96%
Total	**79%**	**66%**	**78%**	**76%**

Assets Under Management

Total AuM were CHF 19.0 billion as at 30 June 2024, compared to CHF 19.3 billion as at 31 December 2023.

Net outflows of CHF 1.8 billion were partially offset by positive market and foreign exchange movements of CHF 1.6 billion.

Asset Class	Opening AuM 1 Jan 2024	Net flows	Disposal[1]	Market/FX movements	Closing AuM 30 June 2024
Fixed income	8.2	(1.5)	-	0.6	7.3
Equity	4.2	(0.2)	(0.1)	0.4	4.3
Alternatives	0.9	-	-	0.1	1.0
Multi asset	6.0	(0.1)	-	0.5	6.4
Total	**19.3**	**(1.8)**	**(0.1)**	**1.6**	**19.0**

[1] In the second half of 2024, the sale of the UK Equity Income Fund (AuM as at 30 June 2024: CHF 0.5 billion) to Jupiter Asset Management will complete and subsequently be reflected as a disposal. Therefore, net outflows of CHF 0.1 billion in H1 2024 have been reflected as a disposal.

Net Flows by Asset Class

In a cyclical investment environment dominated by higher interest rates, dollar strength and inflation, our **fixed income** strategies saw net outflows of CHF 1.5 billion, primarily driven by the GAM Local Emerging Bond fund and our Cat Bond strategies.

In **equities**, net outflows amounted to CHF 0.2 billion in H1 2024. Our award-winning European Equities strategies attracted positive net inflows of more than CHF 0.2 billion. However, this was more than offset by net outflows in our Emerging Market Equity and Japan Equity strategies.

Our **multi-asset** strategies saw net outflows of CHF 0.1 billion.

Financial Results for H1 2024

The **average management fee margin** earned on investment management AuM in H1 2024 was 41.6 basis points, compared with the average margin for the financial year 2023 of 49.7 basis points and 51.1 basis points for H1 2023. The change in average management fee margin primarily reflects the mix of assets under management across products and sub-advisory agreements with existing and new partners.

Net management fees and commissions in H1 2024 totalled CHF 41.6 million, down from CHF 68.0 million in H1 2023 due primarily to the sale of the third-party fund services business in January 2024, lower average AuM and reduced average management fee margin in the Investment Management business.

Underlying net performance fees totalled CHF 0.6 million, down from CHF 3.3 million in H1 2023.

Underlying net other expense includes net interest income and expenses, the impact of foreign exchange movements, net gains and losses on seed capital investments and hedging, as well as fund-related fees and service charges. In H1 2024, a net loss of CHF 2.1 million was recognised, compared with a CHF 2.2 million net loss in H1 2023. The H1 2024 net loss was mainly driven by the interest expenses incurred on the Rock Investment SAS loan facility. The IFRS net other expense in H1 2024 amounts to CHF 4.2 million. The difference between the underlying and the IFRS net other expense of CHF 2.0 million mainly relates to a net foreign exchange loss on pension loan note offset by other income driven by the assignment of the UK property lease to a third party.

Underlying personnel expenses decreased by 18% to CHF 40.1 million in H1 2024, compared with CHF 49.0 million in H1 2023. Fixed personnel costs decreased by 18%, driven by lower headcount. Headcount stood at 414 FTEs as at 30 June 2024, compared to 478 FTEs as at 31 December 2023 and 519 FTEs as at 30 June 2023. Variable compensation in H1 2024 fell to CHF 5.0 million from CHF 6.4 million in H1 2023, mainly driven by lower management and performance fees which impacted variable compensation arrangements. The underlying personnel expenses compares to IFRS personnel expenses of CHF 43.1 million. The difference between the underlying and the IFRS personnel expenses of CHF 3.0 million relates mainly to a reorganisation charge. (For further information, see note 7 of the condensed consolidated interim financial statements).

Underlying general expenses in H1 2024 were CHF 25.0 million, down from CHF 34.3 million in H1 2023 due to cost optimisations initiatives across the business. This compares to IFRS general expenses of CHF 26.0 million. The difference between the underlying and the IFRS general expenses of CHF 1.0 million mainly relates to the Group's reorganisation initiatives.

Underlying depreciation and amortisation charges were CHF 8.2 million in H1 2024 compared to CHF 8.3 million in H1 2023. The difference between the underlying and the IFRS depreciation and amortisation of CHF 0.6 million relates to the assignment of the UK property lease to a third party. (For further information, see note 7 of the condensed consolidated interim financial statements).

The **underlying pre-tax loss** in H1 2024 was CHF 33.2 million, compared to a CHF 22.5 million underlying pre-tax loss in H1 2023. The higher loss was driven mainly by lower net fee and commission income being only partially offset by lower personnel and general expenses. The underlying loss compares to an IFRS net loss before tax of CHF 38.9 million. The difference of CHF 5.7 million mainly relates to the reorganisation charges of CHF 4.6 million, net foreign exchange loss on pension loan note of CHF 3.3 million being partially offset by other income of CHF 2.6 million mainly driven by the assignment of the UK property lease to a third party. (For further information, see note 7 of the condensed consolidated interim financial statements).

The **underlying income taxes** in H1 2024 was a tax expense of CHF 0.2 million compared to a tax expense of CHF 0.6 million in H1 2023.

Diluted underlying losses per share in H1 2024 was a negative CHF 0.21, compared to a negative of CHF 0.15 in H1 2023. This compares to a diluted IFRS earnings per share of negative CHF 0.25 in H1 2024. The difference between the diluted underlying and the diluted IFRS earnings per share of CHF 0.04 relates to the higher IFRS net loss.

Cash and cash equivalents as at 30 June 2024 were CHF 73.9 million, down from CHF 87.2 million as at 31 December 2023 and CHF 83.6 million as at 30 June 2023. This reduction was driven by the losses made by the Group offset by the cash drawdowns from the Rock Investment SAS loan facility.

As at 30 June 2024, the Group had drawn of CHF 63.5 million (excluding interest) on the Rock Investments SAS loan facility compared to CHF 36.6 million as at 31 December 2023.

Adjusted tangible equity as at 30 June 2024 was a negative CHF 7.3 million, down from a positive CHF 11.5 million as at 31 December 2023 and a positive CHF 47.9 million as at 30 June 2023. The main contributors to these decreases were the IFRS net loss after tax. See page 20 of our Annual Report 2023 for full definition of adjusted tangible equity.

Outlook

GAM continues to focus on implementing its strategy. Our priority is to achieve sustainable overall positive net inflows by rebuilding GAM's distribution capabilities with a focus on our existing products and new product launches. The timeline for achieving these net inflows will be supported by our success in delivering our strategy, subject to market conditions. GAM targets to achieve profitability in fiscal year 2026.

Additional information

Half year report

Investor presentation

Investor workbook

GAM corporate calendar

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About GAM

GAM is an independent investment manager that is listed in Switzerland. It is an active, independent global asset manager that delivers distinctive and differentiated investment solutions for its clients across its Investment and Wealth Management Businesses. Its purpose is to protect and enhance its clients' financial future. It attracts and empowers the brightest minds to provide investment leadership, innovation and a positive impact on society and the environment. Total assets under management were CHF 19.0 billion as of 30 June 2024. GAM has global distribution with offices in 14 countries and is geographically diverse with clients in almost every continent. Headquartered in Zurich, GAM Investments was founded in 1983 and its registered office is at Hardstrasse 201 Zurich, 8037 Switzerland. For more information about GAM Investments, please visit www.gam.com

Other Important Information

This release contains or may contain statements that constitute forward-looking statements. Words such as “anticipate”, “believe”, “expect”, "estimate", "aim", “project”, “forecast”, "risk", “likely”, “intend”, “outlook”, “should”, “could”, "would", “may”, “might”, "will", "continue", "plan", "probability", "indicative", "seek", “target”, “plan” and other similar expressions are intended to or may identify forward-looking statements.

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