

Rock Investment SAS
16 Rue de la Ville L'Evêque
F-75008 Paris

Via electronic and ordinary mail

GAM Holding AG
Hardstrasse 201
CH-8005 Zurich

Attn: Mr. David Jacob
Chairperson of the Board of Directors

7 August 2023

Re: Extraordinary general meeting of shareholders of GAM Holding AG

Dear Mr. Jacob,
Dear members of the Board of Directors,

1. Organization of GAM's extraordinary general meeting

On 28 July, your company took the unusual step of bringing forward from 25 August to 18 August the extraordinary general meeting ("EGM") that we had requested on 7 June. On August 4, Liontrust announced that it was extending the offer period of its exchange offer until 23 August.

The combined effect of your decision to bring forward the date of the EGM and of Liontrust's decision to extend the offer period until 23 August is to force shareholders to vote on our proposals before the result of Liontrust's offer is known. By allowing such a situation, your board is preventing GAM's shareholders to draw the consequences of the expected failure of Liontrust's offer.

This, of course, could not be the course of action of a board mindful of its fiduciary duties. Such a board would make sure that the EGM is held shortly after the fate of the transaction is known, to ensure that shareholders can make an informed choice about the future of the company.

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Consequently, **Rock hereby requests that your board moves back the date of the EGM on a date that makes it possible for shareholders to vote (also by proxy) with the full knowledge of the outcome of Liontrust's offer (i.e. on or about 31 August 2023, to reflect the various extensions of Liontrust's offer period).**

Should your company not announce publicly the re-scheduling of the EGM requested by Rock by Thursday, 10 August 2023 at 7.30 a.m., Rock will withdraw the proposals that it made for the EGM and request the organization of a new EGM to be held once the results of the Liontrust's offer are known.

2. Questions to the board / special audit

We take the opportunity of this letter to inform you that the answers that GAM provided on 2 August to the questions that Rock submitted on 7 and 15 June 2023 (i.e. more than six weeks before) are by and large not satisfactory and do not address the questions raised. Also, the manifest intent of your board to stonewall legitimate shareholder requests is worrisome, as it suggests a deliberate intent to obfuscate the circumstances that have led to the decision to recommend the highly unattractive Liontrust offer, to dispose of GAM's FMS business for practically no consideration without even waiting for the result of Liontrust's offer, as well as the reasons that led your board to the conclusion that it had no option but to take a loan from a potential purchaser – thereby putting itself in a manifest situation of conflict of interests.

As one of GAM's largest shareholders, we are expecting detailed and complete answers to the legitimate questions that we raise. We therefore demand that your board completes the inadequate responses that it provided on 2 August, as outlined in Appendix I, Section I and answers the additional questions outlined in Appendix I, Section II.

Sincerely yours,



Anthony Maarek
Directeur général

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Enclosure

Appendix 1

I. Request for completion of GAM's responses to the questions raised by Rock on 7 June and 15 June 2023

1. Questions regarding the Liontrust credit facility GAM entered into facility agreements with Liontrust on 4 May 2023, for a maximum aggregate amount of GBP 17.8M.

A. Rock asked the following question: "*Is it true that the first tranche of the credit facilities provided by Liontrust has already been drawn in full? If so, when?*"

To this, GAM responded: "*As disclosed in GAM's announcement on 17 July 2023, the first tranche of the Liontrust loan facility has been drawn upon, with the majority of the first tranche now drawn.*"

This does not answer the question. Please specify how much has been drawn from the first tranche, and the dates upon which the drawdown occurred (specifying the amounts drawn in each case).

B. Rock asked the following question: "*The Board indicates in the Board Report that it is free of "relevant potential conflicts of interest" regarding the Liontrust offer, yet the Board has apparently already authorized the borrowing of GBP 8.9M in emergency funding from Liontrust itself. Considering the dire liquidity needs of the Company (as is claimed by the Board), what was the reasoning of the Board to consider that this does not constitute a "relevant" conflict of interest?*"

To this, GAM responded: "*To enable the GAM Group to continue as a going concern it was essential that GAM Holding AG secured liquidity for the Group. The Board does not consider it a conflict of interest to enter into such loan facilities with a third party which subsequently makes a public tender offer for all the publicly held shares of GAM Holding.*"

This does not answer the question, which is not whether the board considered that there was in a situation of conflict of interest, but on what basis it came to that conclusion, considering that GAM has borrowed funds from Liontrust that it is apparently unable to repay, and the board has consequently no option but to support Liontrust's offer, no matter however unfavourable the terms of its offer are.

C. Rock asked the following question: "*Did GAM ask the banks it regularly works with for a short-term loan in a similar amount? If so, when did GAM do so and what was the outcome?*"

To this, GAM responded: "*Through its financial advisors, and directly with other parties, the Board explored several avenues, traditional and alternative, to secure financing facilities which would be compatible with the timeframe needed to facilitate a strategic solution for the Group. Based on the feedback of the financial advisors and responses by third parties approached by the advisors, the Board concluded that no other solutions than the proposed solution were executable within the requisite time frame and with acceptable conditions.*"

This only partially answers the question. Please confirm whether GAM asked the banks it regularly works with for a short-term loan and, if yes, whether it received specific offers in this respect.

- D. Rock asked the following question: *"The Board Report refers to clause 18.17 of the facility agreements (titled "Acceleration"), which apparently provides that Liontrust can enforce the security interest by simple notice to GAM. Please describe this clause and, to the extent not clear from the clause, the circumstances in which Liontrust can enforce the security interest."*

To this, GAM replied: *"The loan facility is secured. The security can be called if GAM Holding AG defaults on the loan facility conditions, as well as in certain other scenarios set out in the loan facility. There is no unilateral right for Liontrust to call upon the security, so long as the contractual prerequisites for such calling are not met."*

This does not answer the question. What are the "other scenarios" in which the security can be called and what are the "contractual prerequisites for such calling"?

2. Questions regarding the sale of FMS

- A. Rock asked the following question: *"Please provide a copy of the fairness opinion, valuation report or similar supporting document based on which the Board concluded that the FMS activity could only be sold for no consideration or a very low consideration."*

To this, GAM replied: *"A theoretical valuation of the FMS business was challenging due to its loss-making nature, the number of clients who had already notified GAM that they were withdrawing their funds and the complex nature of the business. Therefore, achievable valuations were identified through the interactions with multiple potential interested parties who had entered into discussions with GAM, and carried out due diligence, in relation to the acquisition of the FMS business in a competitive process."*

This does not answer the question. What is asked is whether the board received fairness opinions, valuation reports or similar documents from third parties supporting the conclusion that disposing of the FMS activity under the terms negotiated with Carne was adequate, if it did what the conclusions of these opinions, reports or similar documents were, by whom they were provided, and if no such documents were obtained, what was the range of the valuations that the board received from the "multiple potential interested parties" it refers to.

- B. Rock asked the following question: *"Did the Board receive letters of intent from parties interested in FMS that offered a headline price for the business higher than zero?"*

To this, GAM replied: *"GAM interacted with approximately 25 potential interested parties, either directly or through its financial advisors, from 2022 through to 2023. Of these potential interested parties, only four responded with either a letter of interest or a non-binding offer. At the end of a detailed due diligence process, customary to these types of sale process, only four parties remained, of which Carne Group offered the best financial proposition for GAM."*

This does not answer the question. How many of these letters of interest / non-binding offers mentioned a headline price higher than zero?

- C. Rock asked the following question: "*what was the highest amount offered upfront/ by way of earn-out or similar mechanism?*"

To this, GAM replied: "*After taking into account the proposed treatment of regulatory capital in the respective offers, Carne Group offered the best financial proposition for GAM.*"

This does not answer the question. Please indicate what was the highest amount offered upfront/ by way of earn-out or similar mechanism.

- D. Rock asked the following question: "*How many parties did GAM approach for a sale of FMS and did these parties include all the largest European firms active in the field?*"

To this, GAM replied: "*GAM interacted with approximately 25 potential interested parties, market-wide, either directly or through its financial advisors, from 2022 through to 2023. Not all potential interested parties were strategically interested in the opportunity. GAM is not permitted to disclose the identity of these potential interested parties.*"

This does not answer the question. First, what is the exact number of interested parties that GAM has "*interacted with*"? Second, did these interested parties include the top five direct competitors of Carne Group, or were certain firms excluded and if yes why? Rock is aware of significant European financial institutions that were not contacted in this process.

3. Questions regarding the Liontrust offer in general

- A. Rock asked the following question: "*Did the Board contemplate the possibility to conduct a valuation of Liontrust not solely based on its share price?*"

To this, GAM replied: "*GAM conducted a reverse due diligence on Liontrust to support the Board's recommendation for the Liontrust offer.*"

Did the due diligence conducted include an analysis of the risk management processes at Liontrust's largest funds? If so, what were the results of this analysis?

- B. Rock asked the following question: "*Is the CHF 12 million of regulatory capital that the Board says will be released further to the Carne deal the total amount of regulatory capital that relates to FMS? If not, what is the total amount of the regulatory capital that relates to FMS?*"

To this, GAM replied: "*No. The combined regulatory capital requirements of GAM's businesses in Luxembourg and Switzerland is approximately CHF 30 million. The CHF 12 million reduction in regulatory capital requirements is achieved by the exit of the third-party FMS business and the remaining capital is to support GAM's ongoing business.*"

Does this mean that the regulatory capital relating to fund management services dedicated to GAM's own funds is CHF 18 million? Was this CHF 18 million included in previously disclosed regulatory capital figures? If yes, please indicate where.

GAM's H1 financial statements indicate that the assets and liabilities of the FMS business were reclassified as held for sale, this includes cash in the amount of CHF 23.5 million. Please explain

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the difference between this number and the CHF 12 million of regulatory capital that was freed by the FMS exit.

II. Additional questions raised in light of recent developments

- A.** When was GAM notified of Liontrust's intention to extend its offer beyond 4 August 2023?
- B.** What were the reasons to bring forward to 18 August the EGM that was initially convened for 25 August?
- C.** Please disclose the credit facility agreements entered into with Liontrust.
- D.** If Liontrust declares its offer unsuccessful, are there circumstances in which GAM might be required to repay the amounts drawn from the Liontrust credit facility before the final maturity date on 31 December 2023?
- E.** What were the reasons to enter into a deal with the Carne Group before the outcome of the Liontrust offer was known?
- F.** Please describe the circumstances in which the agreements for the sale of the FMS activity to Carne Group can be terminated before the closing of the relevant transactions.
- G.** Has there been an assessment of the costs of exiting the FMS business? If so, what was it and what percentage of those costs will be borne by GAM? Please also provide an estimate of the costs of exiting the FMS business that have been incurred to date by GAM.
- H.** What percentage of the costs borne by GAM to exit the FMS business relate to employees (*e.g.* redundancy costs)?
- I.** As part of the agreements entered into with Carne Group, will Carne Group take over leases agreements for premises in which employees transferred to Carne Group are based? If not, what costs will be borne by GAM to terminate the relevant lease agreements?