NewGAMe

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GAM Holding AG and NewGAMe's turnaround

An outstanding opportunity driven by change

GAM SW: CHF 0.58; LIO LN: GBp 769; GAM @ Liontrust offer: CHF 0.52 (10% discount)

June 19-30, 2023

Founded in 1983 by Gilbert de Botton, an ex-Rothschild banker, GAM has been a pioneering firm in the wealth management space, in particular with respect to the "open architecture" concept. GAM was sold to UBS in 1999 and it remained under UBS' umbrella until Julius Baer acquired GAM and three private banks from UBS in 2005. GAM was subsequently spun-off and listed on the Swiss SIX exchange in 2009 as part of a reorganization of Julius Baer. The firm was successfully run by CEO David Solo from the IPO until he left in 2014 in favor of Alex Friedman. It was under Alex Friedman that the firm started to become dysfunctional, in particular with regards to the cost structure and the dismissal of Tim Haywood, and the liquidation of most absolute return bond funds. A new management and board were appointed in 2019 to stem the crisis and repair the reputation damage done by the Tim Haywood' "scandal". However, AuM which peaked at CHF 85bn in 2018 (CHF 164bn including Fund Management Services) declined by 68% to the current CHF 23bn (CHF 72bn including FMS). Over the same period, the share price fell by over 90%.

We believe that the firm's many changes of ownership, structure and top management led to lack of focus, lack of control, and mismanagement, while tainting the brand name, which had been associated with Gilbert de Botton.

The management and board which was appointed in 2019 failed on all counts in terms of stabilizing and growing AuM while GAM's reputation went down the drain. As a result of mismanagement, GAM found itself facing an uncertain future and the board decided to sign-on on what appears as nothing else than a fire sale to the benefit of Liontrust. On May 4, Liontrust announced that it was bidding for GAM in an exchange offer. The offer currently values GAM at CHF 0.52/share or CHF 82m. We believe the company is worth at least twice as much today and could be worth 3x-5x in the next 3-5 years on a successful turnaround.

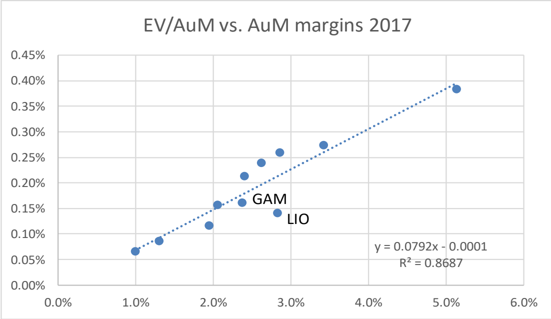
CURRENT VALUATION

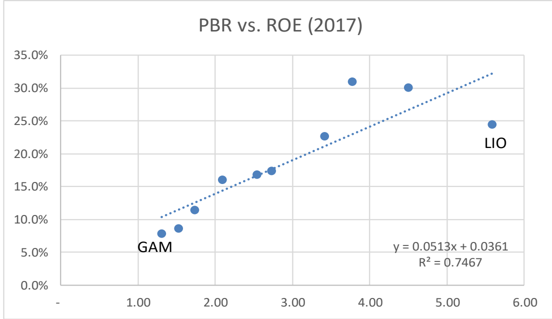
GAM Valuation		Multiple		Notes
Asset Management	CHF 20bn	@0.5% AuM	100m	*200-300m peak cycle valuation* *20% of the River & Mercantile deal*
FMS	CHF 50bn	@	20m	*< 10% of the River&Mercantile deal* *CHF 30m of regulatory capital*
Tangible Book Value			69m	*130m net cash*
Tax loss carry forward (CHF2bn)			*?*	*significant potential value*
Total			189m	
Market Capitalization			93m	
Liontrust deal value @ 769p			82m	

We believe that GAM is worth considerably more than the CHF 82m currently offered in Liontrust shares. We value the company conservatively at CHF189m. We believe the investment management business is worth a minimum 0.5% of AuM. The fact that GAM is currently money losing should not be a significant consideration for an acquiring company that would immediately restructure the business from a valuation perspective. FMS – which is apparently being sold for zero value as part of the Liontrust deal – is worth, in our view, at least CHF 20m. The regulatory capital inside FMS is of the order of CHF 12m alone. Tangible book value is CHF 69m. Finally, GAM has over CHF 2bn in tax loss carry forward that has potential significant value although it is currently difficult to quantify. Certainly, as a standalone, on a return to profitability, GAM will not pay any taxes for years to come. Similarly, the acquisition of GAM is certain to reduce Liontrust's overall tax bill. The following sections of the report will deal in detail with various building blocks of the sum of the part model.

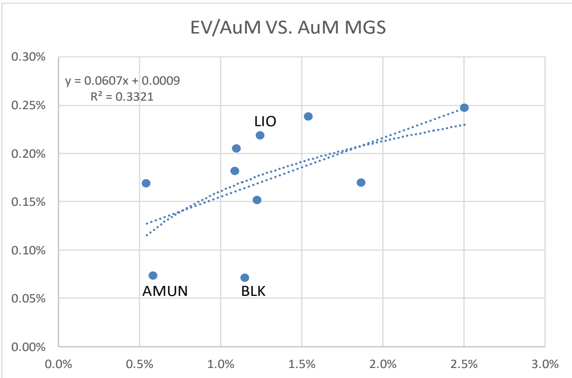
UNDERSTANDING AuM-BASED VALUATION MODELS AND DYNAMICS

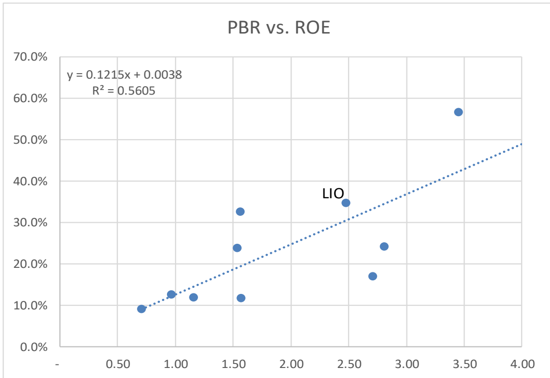
While the majority of analysts will value investment management firms on a multiple of EBIT or net earnings, our primary valuation model is based on EV/AuM vs the profitability of the AuM defined as EBIT (or net earnings) / AuM. A "sanity" check is performed by comparing Price/Book and ROE. We observe that whether in Europe or globally, investment management firms are almost perfectly efficiently priced in terms of EV/AuM vs AuM margins and PBR vs ROE. In other words, for a given level of AuM margin there is a corresponding EV/AuM multiple. The case of GAM is made complicated because of its hybrid business model/structure of combining an asset management business with a "manco" business (GAM Fund Management Services or FMS). While GAM provides the fee breakdowns between the two businesses, it does not provide separate EBIT numbers. However, we can make some broad assumptions given FMS' very low profitability (or lack of it) and we can adjust GAM's "investment management only" EV by subtracting a value for FMS which probably ranges from CHF 50-60m in good times to CHF 15m as of now. For interest and perspective, we first look at the valuation of GAM vs its peer group back at the end of 2017 when GAM was at peak AuM, peak stock market price and probably peak reputation. The first remark is that the peer group (Jupiter, Liontrust, Janus Henderson, Ashmore, Man, Gabelli, TRowe Price, Artisan, Amundi, Blackrock, Vontobel and GAM) seems very efficiently priced both in terms of EV/AuM vs AuM margins and PBR vs ROE. GAM was trading on 2.38% of AuM for 0.16% EBIT/AuM and 1.3x book value vs ROE of 7.9%. However, we also note that GAM was overcapitalized compared to its competitors as measured by equity/AuM. At the time, GAM was fair value to slightly overvalued within the peer group in terms of EV/AuM vs AuM margins.





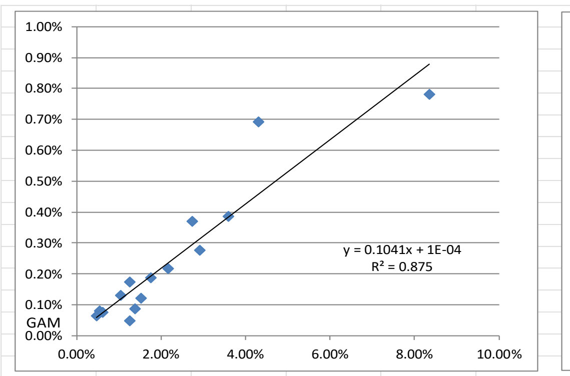
As of today, the peer group remains efficiently priced on both valuation models, attesting to their robustness. In fact, our analysis suggests that over multiple years of observations, investment management firms are consistently efficiently priced on an EV/AuM basis vs AuM margins. The statistical factors may change but the R2 remains very high.



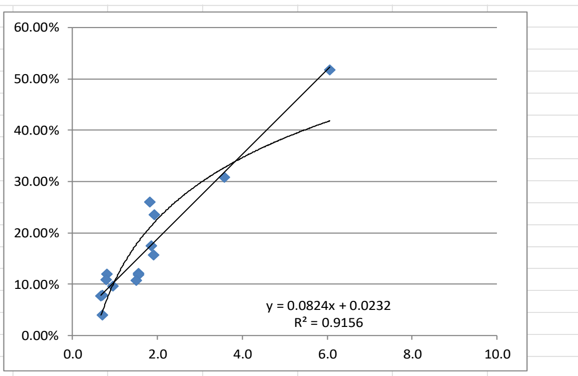


It should be noted that both Amundi and Blackrock are overvalued in our valuation models and this reflects the longstanding outperformance of passive fund management groups in terms of both stock prices and AuM trends (more on this below). Liontrust is undervalued – not a surprise given that the share price has fallen by over 65% in the last 2 years.

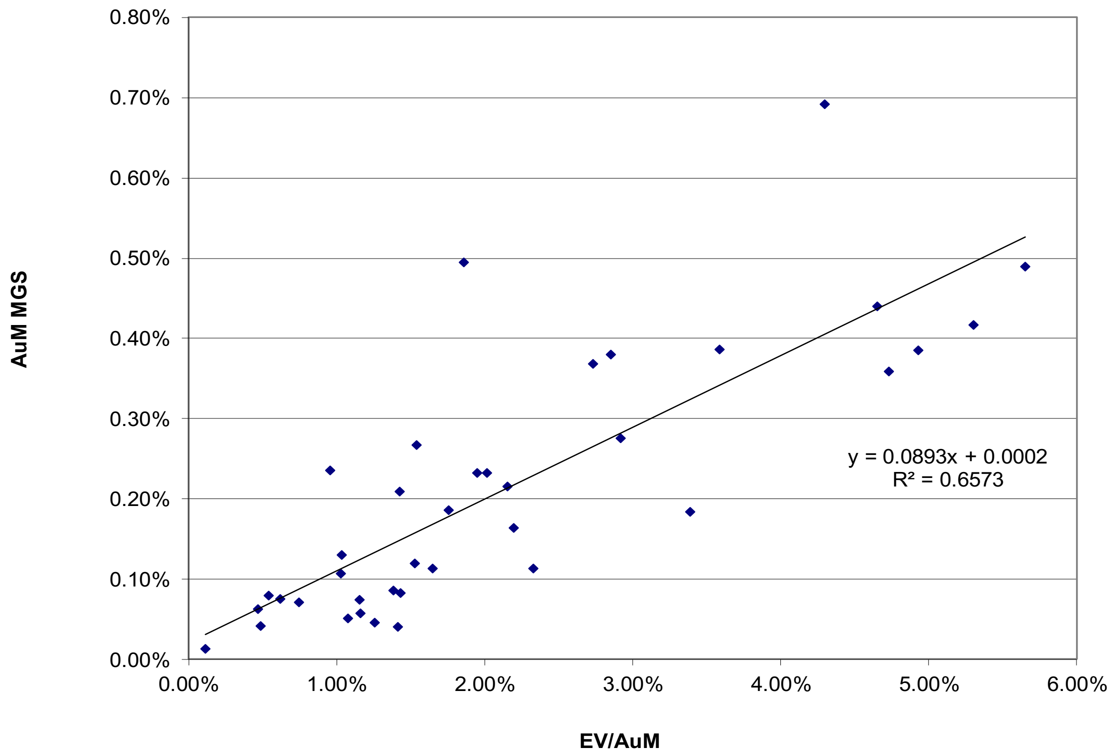
Looking at all European as well as global asset management firms yields a similar picture in terms of market and pricing efficiency (note that GAM isn't labelled here as it is currently money-losing):



EV/AUM vs. E/AUM: ALL EURO ASSET MANAGERS



PBR vs ROE: ALL EURO ASSET MANAGERS



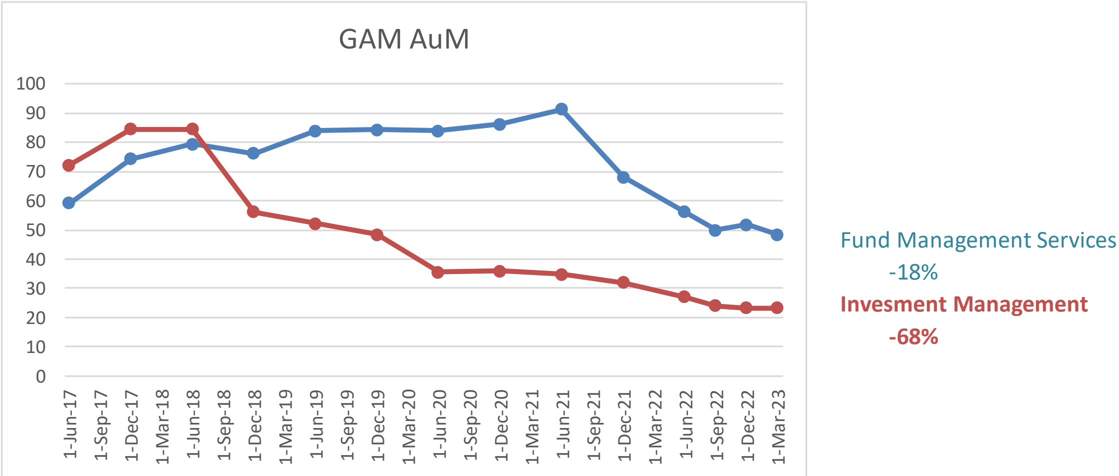
The above graph shows that where all listed asset management firms globally are concerned (except for private equity groups), the market efficiently prices these stocks in terms of EV/AuM vs AuM margins whether the companies are listed in Europe, US, or even Japan or Hong Kong.

The graphs above demonstrate that for a given AuM margin a corresponding EV multiple can apply. The difficulty in valuing GAM today is that GAM is money-losing. However, the above models are extremely useful in valuing GAM on a return to profitability. It should be noted that Liontrust is forecasting a return to profitability and an EBIT margin of 30% by 2025. Assuming everything else being equal (same AuM in 2025 as end of 2022, same levels of net management and performance fees), a 30% EBIT margin would equal CHF 42m in EBIT or an AuM profitability as defined in our models equivalent to 0.18% (42/23200). Whether one looks at European or global valuation models, a 0.18% AuM profitability would translate into an EV/AuM multiple of 1.5% to 2.0%. This suggests a market cap in excess of CHF 350-450m by 2025 and a present value in excess of CHF 300m vs the current CHF 82m implied valuation of the Liontrust deal.

Valuing a money-losing asset management firm:

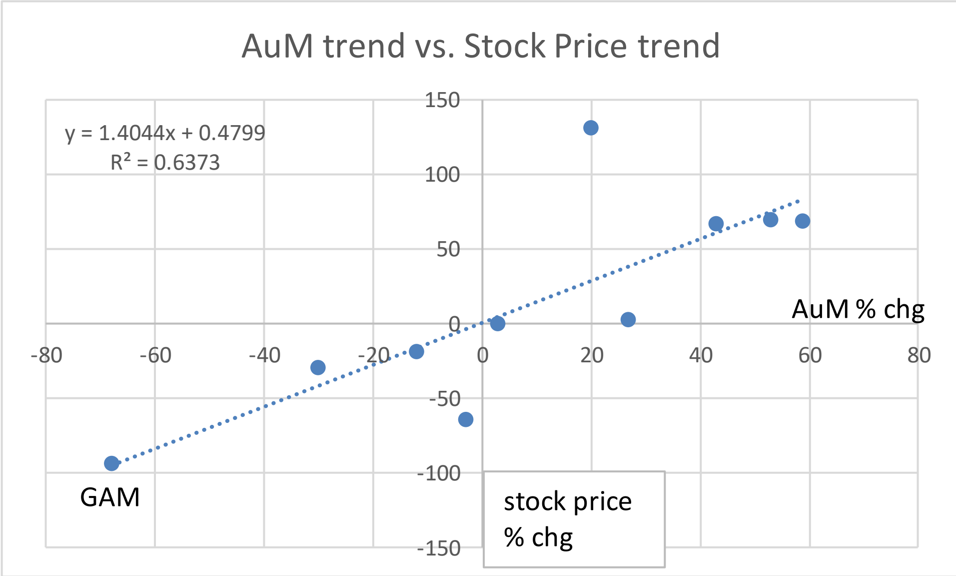
Money management is a (very) profitable business. There are about 60 major listed investment management firms globally. All but two are profitable in 2022-2023 and very few lost any money in the post-GFC crisis bull market (including last year's bear market and during the Covid crisis) with the exception of Sparx (Japan) which lost money from 2009 until 2013, Value Partners (Hong Kong) in 2022, ED&F Man (UK – hedge fund) in 2012 and 2016 and ABRDN (UK) in 2018 and 2022. Liontrust also lost money in 2011-13. Put another way, the probability for a given money management firm to lose money in any given year has been 0.8% since 2009. Sparx, which lost money for 4 years running, in this way comparable to GAM, sold at an average EV/AuM of 6.5% during these money-losing years. And this in the longest bear market in history. Value Partners 5%, Man 2.6% in 2012 and 2.7% in 2016, ABRDN 1.4% in 2018 and 0.8% in 2022. Liontrust sold between 4% and 5.4% in its losing years. Hence GAM's valuation of 0.4% of AuM is way off compared to the industry, particularly for a specialist fund management group, and even taking into consideration the fact that it has been money-losing. Given that AuM has fallen from over CHF 80bn in 2018 to the current CHF 23bn, the current valuations can only be justified in the context of a market extrapolating the same rate of decline going forward. In other words, today's valuation only makes sense in the context of AuM falling rapidly to less than CHF 10bn.

This appears extremely unlikely, particularly under either new ownership (Liontrust) or a new able management team. AuM in the investment management business has actually stabilized since Q3-Q4 2022, and barring very adverse market conditions, there are no reasons to believe that AuM could more than halve in the next few quarters. It took about two years for AuM to halve after the Tim Haywood scandal. The worst is likely to be behind in terms of asset flows. Note that we are assuming zero value for the FMS business in this calculation. Hence, we are very robust in our calculation that fair value for GAM today is close to CHF 200m provided that AuM does not drop very precipitously, an unlikely event, in our view, under new management. Valuation post-restructuring will be covered in a following section.



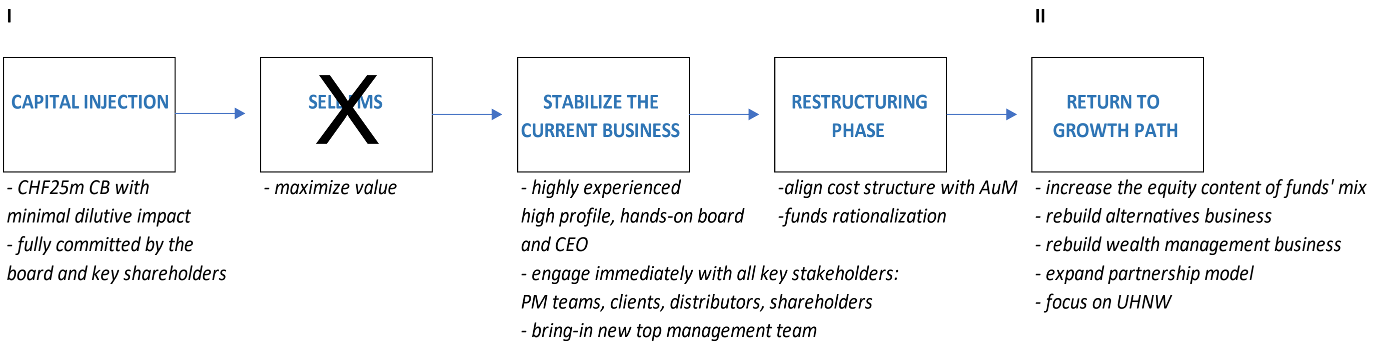
The table below shows the relationship between AuM trend and stock price performance. We can make two main observations. Firstly, there is a direct correlation between AuM growth and stock price performance (next page). The second observation is that the fund management companies that were able to grow assets in the last five years and outperform the MSCI ACWI Index were either passive (Blackrock), active growth (TRowe Price) or hedge funds (Man) – Bernstein being an exception and possibly the business model to follow for **NewGAMe**. It follows that for GAM to be a successful turnaround, AuM has to return to the growth path and the funds' mix must be changed – two factors that **NewGAMe** intends to address.

all in CHF AUM	FMS	GAM IM	TOTAL	JUPITER	JANUSHEND	ASHMORE	MAN	AMUNDI	GABELLI	TROWPR	A.BERNSTEIN	BLACKROCK	ACWI
30-Jun-17	59.1	72.2	131.3	59	331	73	92	1493	40	867	517	5456	446
31-Dec-17	74.3	84.4	158.7	66	361	92	106	1670	42	965	555	6122	499
30-Jun-18	79.4	84.4	163.8	63	367	97	113	1698	40	1036	535	6249	501
31-Dec-18	76.1	56.1	132.2	53	323	96	106	1605	34	946	507	5873	448
30-Jun-19	84	52.1	136.1	57	351	114	112	1650	36	1179	567	6684	511
31-Dec-19	84.3	48.4	132.7	55	362	126	114	1793	35	1166	602	7180	546
30-Jun-20	83.9	35.5	119.4	46	319	98	102	1695	28	1155	568	6931	497
31-Dec-20	86.1	35.9	122	71	355	112	109	1871	29	1302	607	7681	572
30-Jun-21	91.2	34.8	126	77	396	121	125	1968	32	1502	683	8789	665
31-Dec-21	68	31.9	99.9	75	394	108	135	1988	32	1538	710	9123	688
30-Jun-22	56.1	27.1	83.2	57	285	74	135	1924	27	1249	617	8094	569
30-Sep-22	50	24	74	53	270	63	132	1825	30	1210	603	7832	544
31-Dec-22	51.8	23.2	75	55.5	264	65	144	1880	27.2	1175	596	7923	558
31-Mar-23	48.4	23.3	72	57	340	64	146	1900	28	1240	622	8360	591
AUM	-18%	-68%	-45%	-3%	3%	-12%	**59%**	**27%**	-30%	**43%**	**20%**	**53%**	
STOCK PERF			**-94%**	**-64%**	0	**-19%**	**69%**	3%	-29%	**67%**	**131%**	**70%**	**33%**
				ACTIVE	GROWTH	EM	HF QUANT	PASSIVE	ACTIVE	ACTIVE GROWTH	ACTIVE DIVERSIFIED	PASSIVE	



THE BUILDING BLOCKS TO RECOVERY AND GROWTH

The flow chart below highlights **NewGAMe's** path to recovery and growth. We will develop below the five different phases of our turnaround plan in order.



CAPITAL INJECTION

The first **NewGAMe** board decision upon being elected will be to issue a CHF 25m convertible bond in order to address the short-term possible liquidity shortfall at the company. **NewGAMe**, the board, the CEO and other key shareholders are expected to fully subscribe to the convertible bond offering. This funding proposal will allow shareholders to fully benefit from the turnaround at GAM with significantly less dilution than the Liontrust offer while bringing financial stability to the company. Details of the convertible bond and dilutive impact are explained in a later section of the report.

SELLING FMS - Updated June 29 post-Carne deal

GAM has entered into definitive agreements to sell its loss-making third-party fund management services businesses in Luxembourg and Switzerland ("FMS Businesses") to Carne Group ("the Transactions").

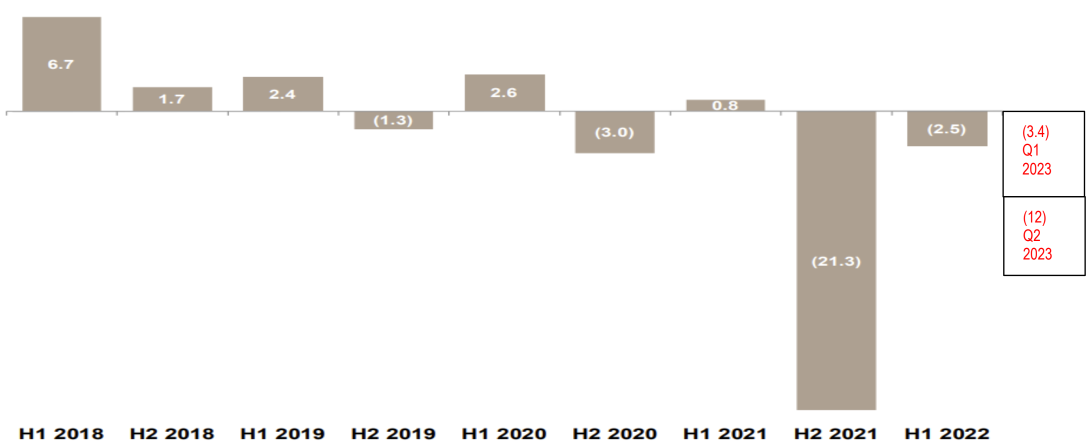
The purchase price, which reflects the reduced assets under management ("AuM") and loss-making nature of the FMS Businesses, is EUR 2.25 million for the Luxembourg business and CHF 0.5 million for the Swiss business, both subject to adjustment based on revenue run rates at closing. In addition, CHF 12.1 million of regulatory capital will be released and retained by GAM, resulting in a total financial benefit to GAM of approximately CHF 15 million. The AuM of the FMS Businesses totaled CHF 48.4 billion as at 31 March 2023. After deducting client notified losses the AuM as at 31 May 2023 totaled CHF 36.4 billion. The current run rate revenues, taking into account these client notified losses, is approximately CHF 10.25 million per annum.

This deal is another reflection of poor management and a panic fire sale mentality at GAM. Despite the further deterioration in the business, Carne is buying 36.4bn of assets (these will most likely stick and become immediately profitable for Carne) for EUR 3m or 0.008% of AuM. In other words, zero.

The following section was updated for the above:

GAM Fund Management Services (FMS) is a solution provider of third-party fund solutions and private label funds. As at end of March 2023 FMS had CHF 48.4 billion of third-party fund assets under management and over 40 Fund Management Services clients. AuM declined further to 36.4bn at the end of May. FMS is a low-margin business which only makes sense with economies of scale. FMS lost a major client in 2021 with AuM dropping from CHF 91bn in June to CHF 68bn by the end of the year. It was never able to recover, and AuM has continued to drop. Given the fall in AuM, GAM cannot generate any economies of scale and the business has become loss-making. There are no synergies with the investment management part of GAM except for the GAM funds which are serviced by FMS. GAM's management had been reluctant to sell FMS despite the lack of synergies and has been considering, wrongly, FMS as "core" as late as 2021 as stated in the annual report. It should be noted that FMS had never been part of GAM's original DNA. FMS was a Julius Baer business which was injected into GAM at the time of its spin-off.

Fund Management Services *(in CHF bn)*



fee margins in bps	IM	FMS
2017	62.1	6.3
2018	59.1	5.4
2019	54.2	3.9
2020	51.8	4.1
2021	51.3	4
2022	51	4.3

While FMS AuM dropped by 35% between 2017 and 3/23, profitability dropped by 32%. At IM, AuM dropped by 72% and profitability by only 18%. This shows that FMS is an economies of scale business and much more so than IM.

Liontrust rightly brought forward the urgency of selling FMS particularly while its asset base constitutes a critical mass for an acquirer, whether a consolidator of such assets/businesses or a new entrant wishing to use FMS as a launching platform for expansion in that space. The European “manco” business is consolidating and there are plenty of deals.

However, the selling process of FMS by GAM was clouded in opacity, and no proper auction was held. It appears that a number of major players in the sector were not even invited.

From conversations we had with leading industry players including some that were given access to the dataroom, the zero consideration appears puzzling to say the least even though the company is money-losing (this is also puzzling to most market participants). A transaction value for a company such as FMS can be decomposed as the sum of regulatory capital + goodwill + a multiple of EBIT – restructuring costs if any. The way to understand the zero consideration and transfer of contracts in the Carne deal is that Carne gets the business for zero goodwill and GAM keeps the regulatory capital and the burden to close the FMS business, ie firing everybody and closing offices, a condition of the Liontrust offer.

First of all, the lack of goodwill payment and EBIT multiple, even considering that FMS is losing money, appears ludicrous. To start with, the contracts will become immediately lucrative for Carne upon transfer. Secondly, most of the players that we have talked to have high regards for FMS, its client base and its employees. Moreover, in a particularly tight labor market for such employees in Luxembourg and to some extent Switzerland, GAM will be “sacrificing” its goodwill by laying off entire teams that have built up a well-regarded business over the years. We also do not know if GAM has signed a sweet deal with Carne for the servicing of its own funds which are currently taken care of by FMS. Finally, the question of the regulatory capital is paramount in the context of the Liontrust acquisition. GAM is getting back CHF 12m of its regulatory capital. We do not even know if this was the entire regulatory capital. This will be used to pay for the laying off the FMS employees and the closing of offices. We believe that GAM will be left with at least CHF 10m post-restructuring. But then what about the CHF 20m credit line “given” by Liontrust (at 7%/annum) with a 31/12 maturity? We increasingly believe that this CHF 20m “lifeline” was in essence unnecessary and will be reimbursed immediately as the regulatory capital is released post-restructuring in the Carne deal. While there were other bidders for the FMS business, most likely at a value that would have better maximized shareholder value, the Carne deal was chosen as a transfer of contracts avoided a lengthy due diligence process and fitted the completion timetable of the Liontrust deal.

NewGAMe had identified a number of parties that were interested in bidding for FMS at a value that would have maximized shareholder value. The closing of the deal today makes another bid impossible. We have written on numerous occasions to the board seeking answers about the selling process of FMS and have been considering various legal options. Given the refusal to reply and the lack of transparency surrounding the FMS deal, we have asked for a special audit to be performed after our requested EGM on August 25.

For reference, we note that in January 2022, River & Mercantile, a similar company to GAM albeit smaller in AuM and profitable, was sold with R&M Solutions (similar to FMS) fetching 0.5% of AuM and the fund management business getting 2.5% of AuM.

Overview of offer & key terms

Offer

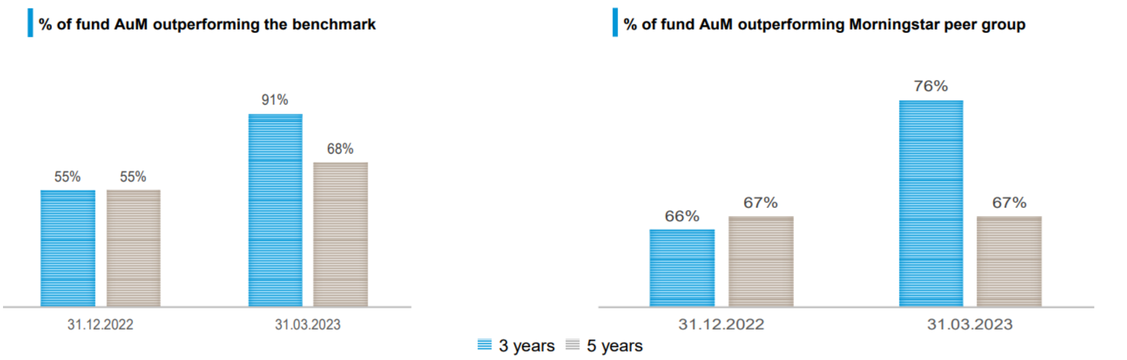
- The board of directors of AssetCo and the Independent RMG Directors have reached agreement on the terms and conditions of a recommended all-share acquisition by AssetCo of RMG
- The acquisition is conditional on, among other things:
  - The completion of the Solutions Sale to Schroders
  - The £190m Return of Capital
- The transaction is to be implemented by means of a Scheme of Arrangement

The FMS fire sale makes no economic sense and is not in the interest of GAM shareholders. We believe an orderly auction not dependent on Liontrust’s timetable could have generated at least CHF 20-25m with the restructuring burden (and risks) to be borne by the acquirer.

STABILIZING THE CURRENT BUSINESS – AN A-TEAM TO PRESERVE, REBUILD AND GROW THE BUSINESS

One of the top priorities of **NewGAMe** will be to make sure that AuM and key personnel, including the fund management teams, stay with the firm. Fund management is a performance driven people's business in a potentially volatile market environment. These are the main variables of the business: people, performance and markets. GAM's family of funds are performing well. In fact, they are performing particularly well given GAM's dysfunctional management. From the Liontrust offer document:

"GAM has highly regarded and strongly performing investment teams… 75% of GAM's funds are rated in the 1st and 2nd quartile of their respective Morningstar sector in terms of performance weighted by AuM. GAM's investment managers have also received independent recognition, with nine rated A to AAA by Citywire. At the FE Fundinfo Alpha Manager of the Year awards for 2023, 3 out of 59 managers nominated across 12 categories were from GAM. Only one investment manager had more nominations."



Increase in the 3-year[1] and 5-year investment performance – from 55% to 91% and 68% respectively of AuM outperforming the benchmark

3-year investment performance[1] with 91% of AuM outperforming the benchmark

% of fund AuM outperforming the **Morningstar** peer group[2] over 3 and 5 years at **76% and 67%**

We expect that the appointment of our slate of directors to the board of GAM to steer the company's turnaround and the CEO that we have chosen to run it will go a long way to reassure all stakeholders, as well as retain and attract the best talents.

The board of directors is composed of very highly regarded investment professionals with decades of experience, particularly in the areas of expertise needed to bring the company back on a growth and profitable track. None are "professional board members" that are here to collect fees. All intend to be not only "hands-on" but also significantly invested in the company with total alignment of interest. The same applies to **NewGAMe** 's designate CEO.

Charlotte Aubin

Charlotte has 27 years of experience in environmental infrastructure investment and international institutional asset management with a focus on energy and digital transition. She was a Managing Director at Morgan Stanley Investment Management from 2000 to 2009 where she built the French and Swiss Institutional asset management business to a multi-billion-dollar asset level. During this time, Charlotte developed expertise in business strategy & development, team & project management, capital-raising in multi asset classes, including Private Equity, Cleantech Venture Capital, Infrastructure and Real Estate with an international diversified investor base (private & public institutional, sovereign, family offices, corporates). She founded GreenWish Group in 2010 and created several investment vehicles and transactions dedicated to private equity or debt financing of energy and digital transition infrastructure in Europe and Africa under GreenWish and the first Renewable Energy Infrastructure Fund of Allianz Global Investors.

Charlotte also acts as Strategic and Investment Advisor to CM Arkea and its SICAV Schelcher Infrastructure Transition Debt. In this capacity, she built the Infrastructure Transition Debt Platform and launched two funds totaling EUR 700m under management. Charlotte is also co-founder of Perfwave, a telecom optimization software company. Charlotte is a French citizen residing in Switzerland and a graduate of the ESSEC Business School in Paris. She holds a master's in history from the Sorbonne University.

Charlotte's experience in building MSIM's French and Swiss business from scratch as well as her expertise in building teams and raising capital in private markets will be of particular use in the build-up of GAM's alternatives business, particularly for long-term capital/performance fee generating funds focusing on sustainability and private markets.

Carlos Esteve

Carlos is a private banker with more than 40 years of operating experience in Swiss wealth management and global financial markets. He served as Vice-Chairman of the Board of Directors of Banque Heritage, the bank he founded, from 2018 until he recently retired in April 2023. In 1986, he founded Heritage Finance & Trust Co., the predecessor firm to the bank, and was its Managing Partner until it received a banking license. He then became CEO of Banque Heritage in 2003 until 2018.

He started his career in finance at Arthur Andersen in London and Geneva as an auditor and financial consultant for the banking and financial institutional client base in Geneva followed by a period at Banque Morgan Grenfell in London and Geneva. Carlos is a Swiss, Spanish and US citizen and holds a master's degree from the Ecole des Hautes Etudes Commerciales, Université de Lausanne.

Carlos is the epitome of the modern Swiss private banker and totally fluent in at least five languages. He has an encyclopedic knowledge of the wealth management business, the investment products underlying it and the operational side of it, and has a second to none UHNW network.

Anthony Maarek

As Managing Director of NJJ Holding, over the past four years, Anthony has directed Xavier Niel's investments outside of his ownership of Iliad. Anthony has experience in dealing with highly complex transactions (M&A, capital markets, complex financing arrangements), particularly in the telecom, real estate, technology and media sectors. During that period, NJJ Holding has completed numerous acquisitions and divestitures, and invested in hundreds of start-ups through its venture capital fund Kima Ventures and oversees a variety of other investments in the media and in real estate.

Prior to joining NJJ Holding, Anthony gained 20 years of experience in financial audits in France and in the United States, which have focused largely on serving clients in the telecom/technology, energy and retail sectors. He is is a former member of the Audit & Assurance executive committee of Deloitte France and led the accounting advisory and capital markets services group for Deloitte in France from 2013 to 2018. Anthony is French citizen and a French Chartered and Certified Public Accountant. He holds an MBA from the Sorbonne.

Anthony's restructuring and deal-making experience as well as his grasp of financials are key assets to the board.

Fabien Pictet

Fabien has 40 years of experience in the banking, wealth and investment management sectors, most recently as Managing Partner of Fabien Pictet & Partners Global Holdings until he sold his firm in 2020. He left Pictet & Cie in 1997 to establish Fabien Pictet & Partners, a specialist Emerging and Global hedge fund group which reached over US$ 1bn in AuM at its peak.

Fabien joined Pictet Asset Management Limited in 1985, becoming a Director in 1990 and a Partner at Pictet & Cie of Switzerland in 1996 with responsibility for all institutional activities and with over CHF 30 billion under management. This included being the partner in charge of the specialist equities team (including the emerging markets team) in London with over US$ 3 billion under management. His career started in New York with Merrill Lynch in institutional equity sales. Fabien is a Swiss citizen and has a BA in Economics from the University of San Francisco, and a master's in finance from the American Graduate School of International Management in Arizona.

Fabien has significant experience both of the institutional fund management business within a very large organization and the alternative investment firm he later founded. He has overseen dozens of investment teams, interacted with some of the largest investment institutions in the world, investment consultants and regulators in multiple jurisdictions including Switzerland and the UK.

Antoine Spillmann

Antoine Spillmann is an accomplished executive with a successful track record in the asset management and wealth management industry. He is Executive Partner of Bruellan SA, which he transformed into one of the largest asset management and multi-family offices in French-speaking Switzerland. Prior to Bruellan, he was a Managing Director at BryanGarnier & Cie Ltd, a company he co-founded in 1996. Before that, he held various positions at leading investment banks in London from 1985 until 1996.

Antoine was a proactive member of several corporate boards, including that of ArcelorMittal, a EUR 30bn industrial company, from 2006-16, chairing the risk committee and a member of the audit committee. He remains on the board of ArcelorMittal Holdings AG. He was Vice President of the Swiss Association of Asset Managers (SAAM) for 5 years and is co-founder of Swiss Respect, an association created to protect the Swiss financial and legal system. Antoine holds degrees in investment management and corporate finance from the London Business School. He attended the Wharton business program on best practices for board directors. He is a Swiss citizen and served as a first lieutenant with the tank grenadiers in the Swiss army. Antoine is fluent in German, French, and English.

Antoine's 10-year experience on the board of with a multi-billion Euro multinational company makes him **NewGAMe**'s candidate to be Chairman of the board of GAM.

Antoine, Carlos and Fabien have all the credentials, business intelligence, and connections to bring GAM's investment and wealth management business to a level that could only be envisioned by some of the largest firms in the business.

CEO

At this point we cannot reveal the name of **NewGAMe**'s candidate for CEO as he is currently employed in the industry. He has over 30 years' experience in global financial markets, having established three asset management businesses and was the co-founder, CEO and CIO of one of the largest European-based hedge fund groups. Throughout his career, he has been deeply involved in all aspects of the asset management industry, in addition to his roles as CEO, CIO and Board Member, he has been involved with risk management, compliance, human resources, marketing and investor relations. He has recruited, trained, managed and mentored many investment and operational professionals at all experience levels.

He has an outstanding track record as a business manager, investor and marketer, having built his firm into a multi-billion-dollar business with over 50 people. He will be a significant investor in GAM and receive a large portion of his compensation in equity to fully align himself with the business.

Albert Saporta

Albert is a shareholder and the Director of **NewGAMe** SA, a company that is majority controlled by NJJ Holdings and which was set-up with the sole purpose of investing in GAM. He leads the **NewGAMe** project and is AIM&R's founding partner. Albert has almost 40 years' experience in global financial markets, of which over 30 years in the hedge fund industry focusing on special situations and arbitrage strategies.

Referred in the press as one of the founding fathers of the European hedge fund industry, Albert advises some of the largest global hedge funds, prop trading groups, pension funds and UHNW family offices on a range of absolute return investment strategies. Albert started his career at Paribas in Paris, where he managed the Japan/Asia mutual funds from 1984-85. He joined Merrill Lynch in London as Vice President of Japanese equity sales from 1985-88, covering major UK, European and US institutional accounts. In 1988, Albert joined UBS Securities in London where he headed quantitative research and hedge fund sales for the Japanese equity institutional sales desk until 1991. He then joined IFM, at the time the first London-based hedge fund of size and owned by Jacob Rothschild's St James's Place and AIG. There, he set-up and managed relative value global equity arbitrage strategies until early 1995. He then left to set up Geneva-based AIM&R, a hedge fund advisory and research firm, advising the top-performing SOG and SOGAsia funds (the latter in a strategic JV with UOB). In March 2006, Albert sold AIM&R 's research and hedge fund businesses to ABN Amro Bank (London). As part of the transaction, he set-up the Special Opportunities Group (SOG) at ABN (based in London, Singapore and Sao Paulo), managing a balance sheet of US$ 1bn in global arbitrage strategies and special situations. Albert left ABN at the end of his contract in March 2008 while AIM&R remained under an advisory contract until March 2009. AIM&R was relaunched in 2011 under its current form as a research and trading advisory firm.

Albert has a master's in International Affairs from Columbia University (1984), an MBA (1983) and BSc in economics (1982) from New York University, and a Math/Physics degree from the University of Nice (1980). Albert is a French, Israeli and Spanish citizen. In his career, Albert has lived and worked in New York, San Francisco, London, Paris, Geneva, Tokyo, Singapore, Sao Paulo, Rio de Janeiro, Moscow and Tel Aviv. He is fluent in French, English, Spanish and Portuguese.

Albert will be in charge of rebuilding GAM's hedge fund and alternatives business along with the CEO whom he has known for over 10 years.

Albert, Antoine, Fabien and Carlos have known each other for over 30 years – all are or will be significantly invested in GAM.

This set-up is certainly a game changer relative to a board and previous management that had no meaningful investment in the company. We want to rekindle the partnership spirit of great investment firms and plan to associate others, and in particular PMs, with this ambitious project and we are very confident that the fund managers that have supposedly given their support to the Liontrust takeover offer will be excited by **NewGAMe**'s proposal. The competences that are being assembled here and the experiences of running successful businesses in the fields of global investment management, hedge funds and alternatives, wealth management, private markets and venture capital not to mention the global reach of the people mentioned above make this project a much more attractive project than erasing GAM's illustrious brand name and integrating its business into Liontrust.

We should emphasize that the hedge fund-like equity culture that **NewGAMe** will create will permeate throughout the entire firm. A more "partnership like" model than a traditional fund manager.

The following table highlights the main skills and experience of the above key people:

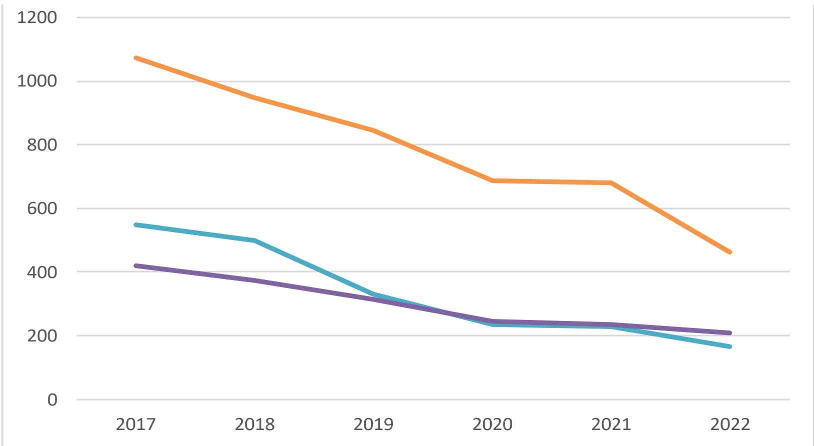
	Role	Asset Management	Alternatives	Wealth Management	Global Business Intl' Experience	Finance	Risk Management Regulatory	Client Focus	Strategic Transformation	Governance & ESG	Professional Experience
Antoine Spillmann	CoB	X	X	X	X	X	X	X	X	X	**38Y**
Anthony Maarek	Board M		X	X	X	X	X	X	X	X	**25Y**
Carlos Esteve	Board M	X	X	X	X	X	X	X	X	X	**42Y**
Charlotte Aubin	Board M	X	X	X	X		X	X	X	X	**27Y**
Fabien Pictet	Board M	X	X	X	X	X	X	X	X	X	**41Y**
CEO	CEO	X	X	X	X	X	X	X	X	X	**31Y**
Albert Saporta		X	X		X	X	X	X		X	**39Y**

Asset Management:	*Experience working in the asset management industry*
Wealth Management:	*Experience working in the wealth management industry*
Alternative Investments	*Experience working in hedge funds, private markets: private equity, private debt, infrastructure , real estate*
Global Business/Intl Exp	*Experience working in global organisations and assessing, prioritising and executing business expansion globally*
Finance:	*Experience in understanding and analysing financial statements and financial performance and in contributing to the oversight of the integrity of financial reporting*
Risk & Regulatory:	*Experience in identifying key risks to the organisation and monitoring risk management frameworks and systems, as well as understanding regulatory frameworks and requirements.*
Client Focus:	*Commercial and business experience, including development of products and services and experience in implementing changes to enhance client experiences.*
Strategic Transformation:	*Experience in defining and driving strategic change, corporate restructuring and mergers and acquisitions.*
Governance & ESG	*Experience in serving a listed company board as a director or advisor, or having served extensively as a member of the governance committee of a listed company*

The appointment of this very high-powered and proven board and top management and their personal substantial investment in the company will bring not only certainty and stability to all of GAM's stakeholders but also the necessary commitment for a successful turnaround from which GAM can eventually thrive.

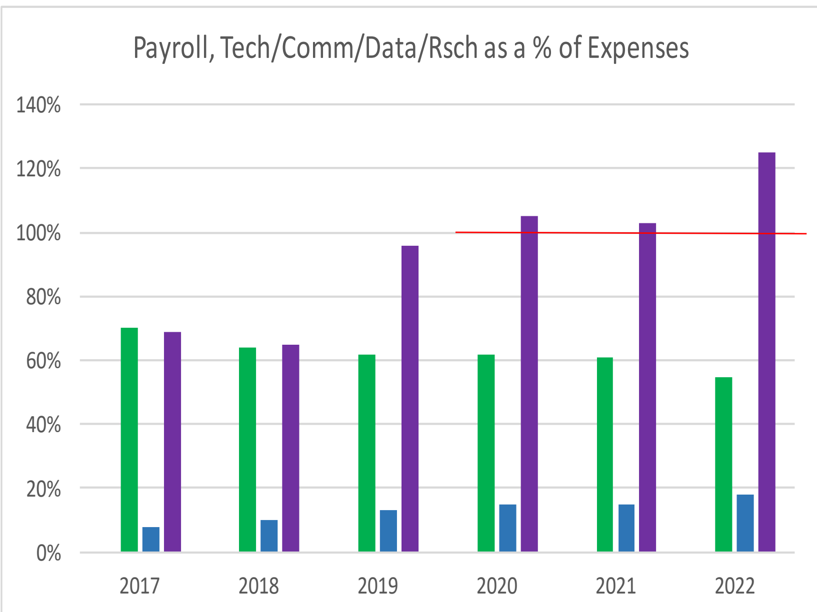
HEADCOUNT & COSTS: THE CORE OF THE PROBLEM

As seen above, the fund management business is by and large a profitable business. Out of 60+ listed investment management firms across the world, only a handful have had money-losing periods in the last 15 years. Put it another way in statistical terms, in the last 15 years, money management firms have been losing money 2.6% of the time cumulatively (24 money-losing periods / (60x15)). Moreover, except for Sparx in 2009-13, which was probably a reflection of the prolonged Japanese bear market, no fund management group anywhere in the world has lost money for such a long period of time as GAM. The issues are therefore very specific to GAM and entirely due to poor management. At the heart of the matter lies the fact that the management that was appointed in the aftermath of the Tim Haywood scandal and led by CEO Peter Sanderson was unsuccessful in stopping the "tsunami" of outflows affecting GAM and was not aggressive enough in cutting cost in the face of these outflows. Certainly, it would have been difficult to anticipate such massive outflows. However, anticipating is what differentiates good management from bad management. The outflows and corresponding falls in revenues were never matched by an equivalent fall in costs. Hence the mounting losses. Total operating expenses were down 52% since 2017 in line with total AuM down 45%. However, the most profitable part of the business, investment management, saw AuM decline by 68%. Headcount is down 42% from 2017.



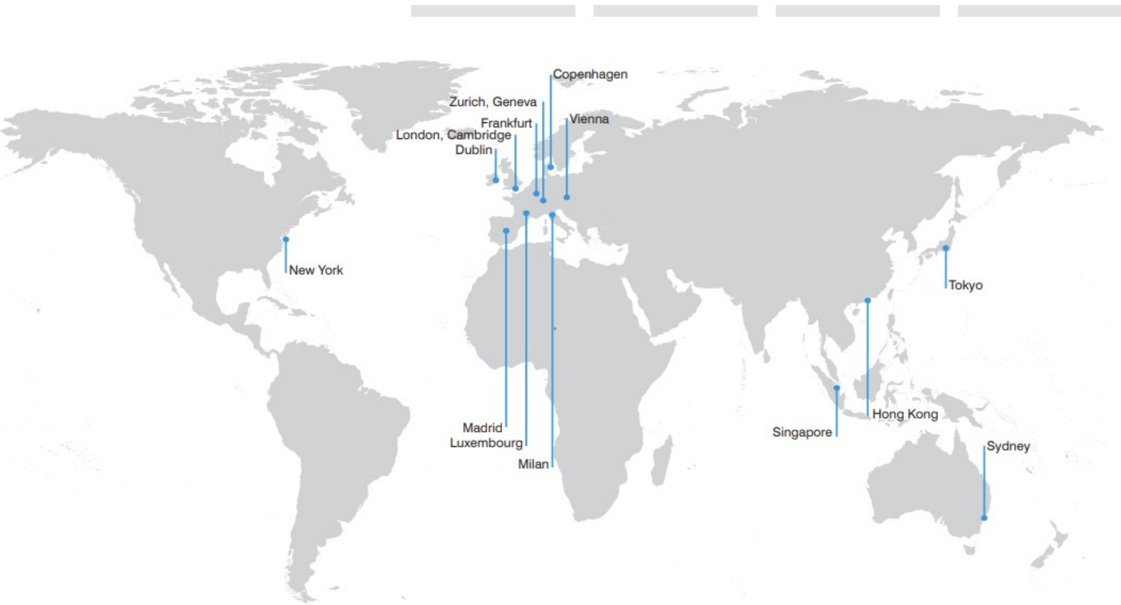
	total fees	net fees	expenses
2017	1074	548	420
2018	947	500	374
2019	845	330	315
2020	687	233	244
2021	679	227	235
2022	464	165	208
delta 2017-2022		**-70%**	**-51%**

In fact, expenses have been out of control under the current management team.



	Payroll / Total Expenses	Tech/Comm/Data/Rsch / Total Expenses	Total Expenses / Net Revenues
2017	70%	8%	69%
2018	64%	10%	65%
2019	62%	13%	96%
2020	62%	15%	105%
2021	61%	15%	103%
2022	55%	18%	125%

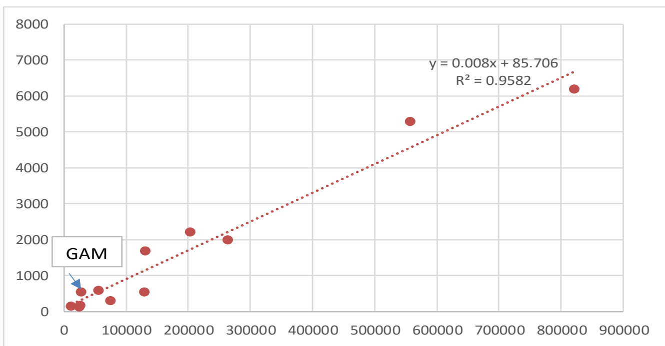
With 540 employees as of the end of 2022, 16 offices around the world and 7 investment centers, GAM is over dimensioned for CHF 23bn in AuM. GAM's footprint across the world is that of a Blackrock rather than for a company of relatively modest size. The scope for cost reduction becomes clear when considering the map below:



GAM's offices across the world

There is a direct relationship between AuM and headcount as the graph below shows. The R2 is almost 1.0; indicating near perfect correlation between AuM and headcount.

		AUM	HC	AUM/1
GAM	IM	23	541	
	FMS	48		
GAM ADJ	***FMS @ 10%***	*28000*	541	52
JUPITER		56000	584	96
ASHMORE		75999	309	246
SCHRODERS		822000	6190	133
MAN		132000	1682	78
ABRDN		558000	5300	105
JANUS HENDERSON		265000	2000	133
GABELLI		27000	160	169
ARTISAN		130000	549	237
DIAMOND HILL		25000	129	194
WESTWOOD		13000	152	86
VONTOBEL		204000	2214	92
FRANKLIN RES		1400000	9400	149
TROWE PRICE		1250000	7900	158
BLACKROCK		8000000	19800	404



efficient headcount	446	all incl 1tr+ AUM
	283	AUM < 1tr
	170	AUM < 200bn

GAM has the lowest AuM / employee in its peer group by a very significant amount. Ex-FMS, headcount currently totaling 440 people (about 100 people in FMS) could be brought down to less than 300 people to be in line with the peer group, and in fact to less than 200 people when smaller listed firms (those with AuM < CHF 200bn). Gabelli for example runs CHF 27bn with about 170 people. Diamond Hill runs CHF 25bn with 129 people. Liontrust itself runs over CHF 35bn with about 200 people.

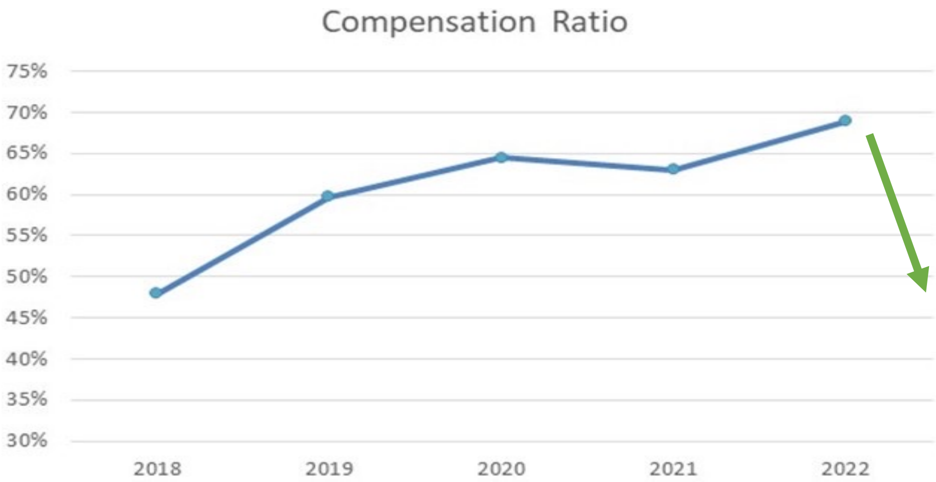
Total headcount

Headcount by region (in FTEs)	2021	2020
Switzerland	139	175
United Kingdom	303	346
Rest of Europe	115	133
Rest of the world	48	47
Total	605	701

2022: 540

Footprint rationalization - reduce office costs from 16 offices and 7 investment centres with Zurich becoming the main centre. UK, rest of Europe and world to be significantly reduced.

The compensation ratio (payroll / net fees) which kept going up since 2017 could be brought down towards 50% if headcount was reduced to 260 people.



In addition, GAM manages about 59 funds of which 26 have less than CHF 100m in AuM and 12 have less than 50m. 95% of the AuM are in the top 33 funds. 5% of the AuM are in these 26 funds with AuM < CHF100m (next page). By consolidating some funds or closing others, payroll and administration costs can be driven down.

Overall, we are targeting 35-40% cost reduction over the next 12-18 months. This alone brings GAM back to break-even and possibly better depending on AuM. Bringing costs in line with AuM and rationalizing the cost structure is never a happy exercise. However, it is a necessary step to bringing the company back to break-even and future growth and profitability. Moreover, under Liontrust's takeover, headcount reduction is likely to be much more drastic than if GAM remains a standalone entity for obvious reasons of synergies.

Number	Fund Name	AuM CHF (M)	Base Currency
1	Inst BVG/LPP Flexible Fund	3,465.3	CHF
2	GAM Star Cat Bond - USD Institutional (Inc)	2,291.8	USD
3	GAM FCM Cat Bond USD Open 2021 Series 11	1,961.1	USD
4	GAM Local Emerging Bond	1,165.2	USD
5	GAM Star Credit Opportunities (USD) - SI	1,036.7	USD
6	GAM Star Credit Opportunities (EUR) (Acc)	875.9	EUR
7	GAM Star Continental European Equity - USD Institutional (Acc)	590.5	USD
8	GAM Star Credit Opportunities (GBP) (Acc)	577.2	GBP
9	GAM Star MBS Total Return - Z II USD (Acc)	550.7	USD
10	GAM Luxury Brands Equity	476.3	EUR
11	GAM Star European Equity	430.3	EUR
12	GAM Swiss Sustainable Companies	420.3	CHF
13	GAM Star Disruptive Growth - USD (Inc)*	304.7	USD
14	GAM Swiss Small & Mid Cap Equity	272.6	CHF
15	GAM Star Global Rates - Z GBP	242.8	USD
16	GAM Star Japan Leaders Non UK RFS - JPY (Acc)	236.2	JPY
17	GAM Sustainable Local Emerging Bond	231.2	EUR
18	GAM Star Global Balanced - GBP (Acc)	228.1	GBP
19	Z USD (Acc)	228.1	GBP
20	GAM Emerging Markets equity	221.4	USD
21	GAM Swiss Equity	196.2	CHF
22	GAM Star Composite Global Equity - USD Institutional (Acc)	186.8	GBP
23	GAM Star Global Growth - Z EUR (Acc)	185.4	GBP
24	GAM Inst CHF Domestic Bond	148.0	CHF
25	GAM Asisa Focus Equity	138.3	USD
26	GAM Star Flexible Global Portfolio - GBP	128.5	GBP
27	GAM Star Global Cautious - Z GBP	127.4	GBP
28	GAM China Evolution Equity	119.0	USD
29	GAM Star China Equity - USD (Inc)	111.0	USD
30	GAM Star Emerging Market Rates	110.4	USD
31	GAM Commodity	109.5	USD
32	GAM Star Flexible Global Portfolio - USD (Acc)	106.4	USD
33	GAM Inst CHF Foreign Bond	101.7	CHF

Number	Fund Name	AuM CHF (M)	Base Currency
34	GAM Japan Equity	84.7	JPY
35	Inst BVG/LPP 40 Plus	79.4	CHF
36	GAM Star (Lux) - Merger Arbitrage CHF I	79.1	USD
37	GAM Inst World Bond	70.9	CHF
38	GAM Star Capital Appreciation US Equity - USD Non UK RFS	66.5	USD
39	GAM Star Alpha Spectrum - EUR (Acc)	63.8	EUR
40	GAM Inst Swiss Equity	57.2	CHF
41	GAM Multi Asset Strategic Allocation	54.7	EUR
42	GAM Star Alpha Technology - Z USD	46.4	USD
43	GAM Emerging Bond	45.2	USD
44	GAM Composite Absolute Return CHF - Open	42.9	CHF
45	GAM Inst Global Corporate Bond	38.0	CHF
46	GAM Star Interest Trend - Non UK RFS - USD (Acc)	32.7	EUR
47	GAM Star Tactical Opportunities - Non UK RFS Shares USD	32.4	USD
48	GAM Star US All Cap Equity - USD (Inc)	26.6	USD
49	GAM Star Asian Equity - Z II USD (Acc)	21.0	USD
50	GAM Sustainable Climate Bd Z Hdg GBP Acc	18.3	EUR
51	GAM Inst BVG/LPP 40 Fund	16.9	CHF
52	GAM Star Global Defensive - Z EUR (Acc)	14.4	GBP
53	GAM Star Worldwide Equity - USD Institutional (Acc)	14.3	USD
54	GAM Systematic Alternative Risk Premia - GBP Inst (Acc)	13.8	USD
55	GAM Emerging Markets Opportunities Bond	11.7	USD
56	GAM Sustainable Emerging Equity - USD Institutional (Acc)	11.2	EUR
57	GAM Inst BVG/LPP 25 Fund	9.6	CHF
58	GAM Star Global Dynamic Growth - U GBP	8.4	GBP
59	GAMS ABS	6.6	EUR

Top Management & Board compensation

Another area of cost cutting is top management and board compensation. The current top management and board of directors have taken over CHF13m in total compensation in 2020-22 while the company lost CHF350m in market value.

	Peter Sanderson	Group Mgt Board	David Jacob	Nancy Mistretta	Katia Coudray	Jacqui Irvine	Monika Machon	Frank Kuhnke
Role	Group CEO	Top Exec Management	Chairman	Board Member	Board Member	Board Member	Board Member	Board Member
Time at GAM	Since 2019		Since 2017	Since 2016	Since 2019	Since 2019	Since 2019	Since 2022
# shares held	152,679		174,327	102,954	106,548	57,015	57,171	-
2020-22 total compensation (in CHF)	2,850,439	8,858,184	1,118,000	690,000	672,000	690,000	708,000	232,000
Ownership target met?	✗	✗	✗	✗	✗	✗	✗	✗

The CEO and CFO are expected to build up shareholdings worth at least 200% of salary. Board members are required to build up and retain a holding of GAM shares worth at least 200% of their annual cash fee. None of the top management or board meet these ownership targets. Note that the board was made up of 7 members until the last AGM.

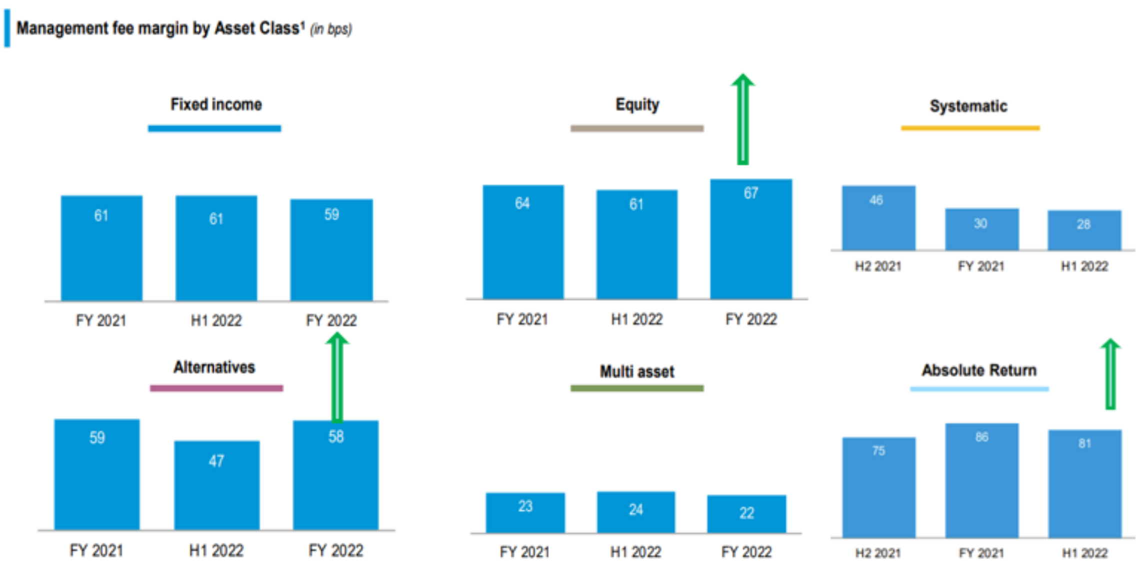
Whether the group management board, including the CEO, or the board of directors, none of them holds a meaningful stake in the company. In fact, all of them failed to meet their ownership targets as stated by the compensation committee. Having a disincentivized board and management certainly contributed to flawed decision-making. One key element of **NewGAMe**'s plan is to drastically change the compensation for top management and the board of directors towards a mostly share-based compensation system. Moreover, **NewGAMe**'s proposed board of directors and the CEO will be significant investors in GAM from the outset (through the CB financing – see below).

INCREASING MARGINS WITH GROWTH OPPORTUNITIES

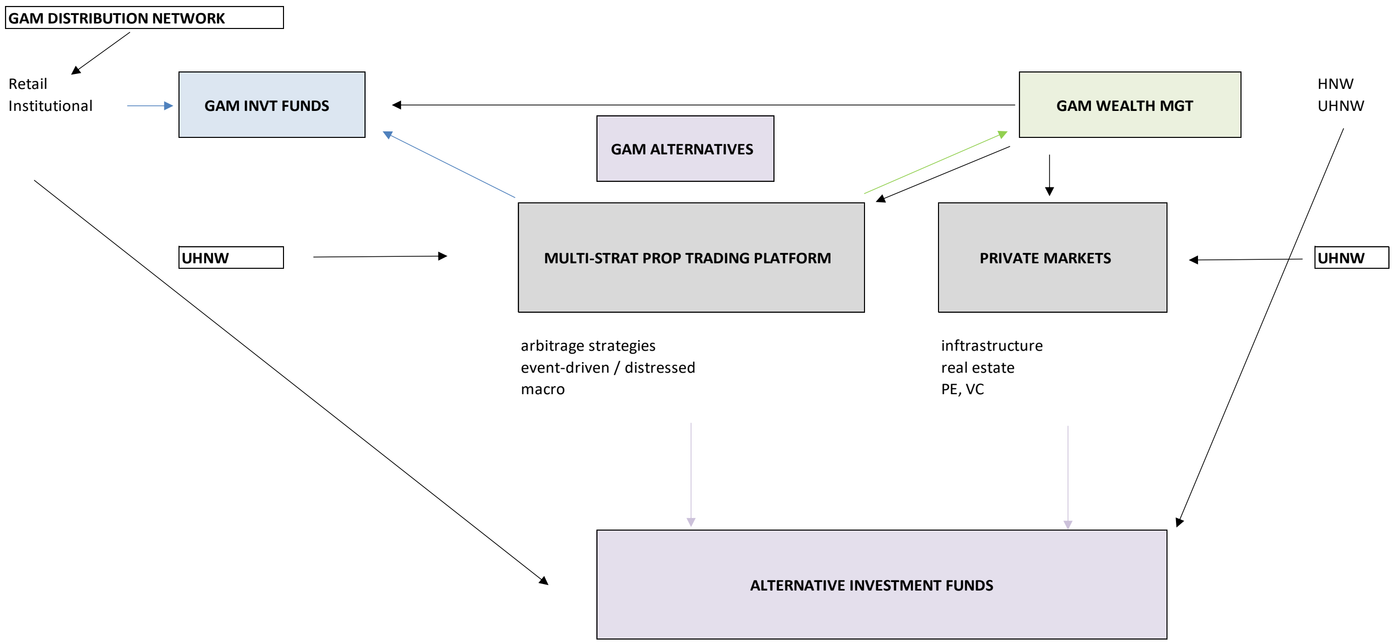
A differentiated offering

Once the business has been stabilized after providing the necessary financing and engaging with all stakeholders, we intend to change GAM's positioning, or rather return GAM's positioning, to its original DNA: that of an exclusive asset management firm with a very differentiated product and client services offering with the target market being clearly (very) UHNW. This is to be addressed by rebuilding best-in-class and innovative alternatives and wealth management businesses, the two being intertwined (see below). Bringing high-value-added, performance-fee-driven investment products and changing the business mix of the GAM funds' offering will have a significant impact on margins and growth.

The board and top management's reach will be instrumental in bringing the right people and striking partnerships to enhance GAM's offering and bring in-house high-caliber investment teams with complementary strategies.


Management fee margin by Asset Class[1] (in bps)
Fixed income
61
61
59
FY 2021
H1 2022
FY 2022
Equity
64
61
67
FY 2021
H1 2022
FY 2022
Systematic
46
30
28
H2 2021
FY 2021
H1 2022
Alternatives
59
47
58
FY 2021
H1 2022
FY 2022
Multi asset
23
24
22
FY 2021
H1 2022
FY 2022
Absolute Return
75
86
81
H2 2021
FY 2021
H1 2022

NewGAM

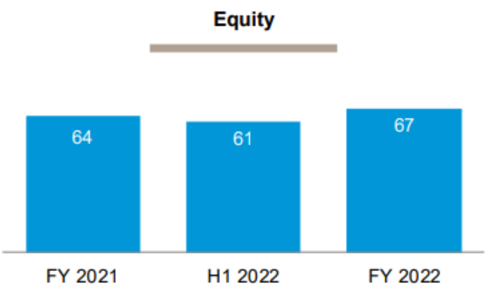

GAM DISTRIBUTION NETWORK
Retail
Institutional
GAM INVT FUNDS
GAM WEALTH MGT
HNW
UHNW
GAM ALTERNATIVES
UHNW
MULTI-STRAT PROP TRADING PLATFORM
PRIVATE MARKETS
UHNW
arbitrage strategies
event-driven / distressed
macro
inftrastructure
real estate
PE, VC
ALTERNATIVE INVESTMENT FUNDS

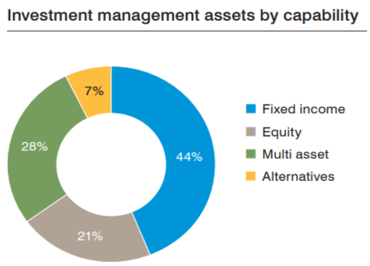
Changing the equities / bonds mix

We intend to increase the equity mix in GAM's fund offering. Currently, pure equity products represent about 21% of AuM. Equities generated 67bps in fee margins. That is 16bps more (+31%) than the average profitability of GAM's overall product mix and 8bps more (13%) over fixed income.

Investment Management AuM by Asset Class *(in CHF bn)*

	31.12.18	31.12.18 reclassed and adjusted	30.06.19	30.06.19 reclassed and adjusted	31.12.19	31.12.19 reclassed and adjusted	30.06.20	30.06.20 reclassed and adjusted	31.12.20	31.12.20 reclassed and adjusted	30.06.21	30.06.21 reclassed and adjusted	31.12.21	31.12.21 reclassed and adjusted	30.06.22	30.06.22 reclassed and adjusted	31.12.22
By Asset Class (CHF Bn)[1]																	
Absolute return	1.9	-	1.4	-	1.1	-	0.8	-	0.8	-	0.8	-	0.5	-	0.5	-	-
Fixed income	29.2	28.8	27.1	26.7	25.8	24.9	17.6	17.3	17.1	16.9	15.6	15.5	14.1	13.9	12.6	12.0	10.3
Equity	8.7	8.5	7.1	6.9	7.2	7.1	5.8	5.7	6.9	6.8	7.9	7.7	8.0	8.0	5.6	5.2	4.8
Systematic	4.2	-	4.5	-	4.4	-	2.8	-	2.9	-	2.4	-	1.2	-	0.9	-	-
Multi asset	7.7	6.8	7.8	6.9	7.8	6.9	7.2	6.3	7.5	6.6	7.6	7.0	7.7	6.9	7.0	7.0	6.6
Alternatives	6.3	10.4	4.2	10.0	2.1	7.9	1.3	4.9	0.7	4.3	0.5	3.7	0.4	2.2	0.5	2.0	1.5
Total	**56.1**	**54.5**	**52.1**	**50.5**	**48.4**	**46.8**	**35.5**	**34.2**	**35.9**	**34.6**	**34.8**	**33.9**	**31.9**	**31.0**	**27.1**	**26.2**	**23.2**





We expect the equity focus to be thematic, ESG and emerging markets funds. The objective is to bring equities over 30% of the AuM over the next two to three years.

Alternatives

The alternatives rebuild is the one of the main priorities of **NewGAMe** and we expect overtime that the alternatives / performance fee-producing business will eventually be core to GAM.

Following the Tim Haywood scandal and the closure of absolute return bond funds, the alternative business and the AuM-generating performance fees have become marginal and even more so since GAM sold three alternative investment funds last March.

Performance fee eligible assets[1] *(in CHF bn)*

	31.12.18	30.06.19	31.12.19	30.06.20	31.12.20	30.06.21	31.12.21	30.06.22	31.12.22
Unconstrained fixed income	-	-	-	-	-	-	-	-	-
Global macro/managed futures	0.6	0.4	0.3	0.1	0.1	0.1	0.1	0.2	0.2
Non-directional equity	1.1	0.8	0.7	0.6	0.5	0.4	0.2	0.2	0.2
Other fixed income strategies	1.5	1.5	1.4	1.2	1.1	1.3	1.4	1.5	1.0
Systematic	2.1	2.2	1.7	1.0	1.1	0.3	0.5	0.3	0.2
GAM Star Disruptive Growth	0.2	0.2	0.2	0.3	0.4	0.6	0.6	0.3	0.2
Other	1.2	0.9	0.7	0.5	0.5	0.4	0.4	0.4	0.3
Performance fee eligible assets	**6.7**	**6.0**	**5.0**	**3.7**	**3.7**	**3.1**	**3.2**	**2.9**	**2.1**

Moreover, the stream of performance fees has a very volatile profile:

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
NET PERFORMANCE FEES (CHF M)					
Unconstrained fixed income	-	-	-	-	(0.7)
Systematic	2.8	3.7	0.1	8.6	0.5
GAM Star Disruptive Growth	0.5	8.5	0.1	-	0.7
Global macro / managed futures	(0.1)	0.6	-	-	-
Non-directional equity	-	2.7	0.6	0.3	0.5
Other fixed income strategies	-	2.0	0.7	1.5	1.4
Other	-	1.8	1.3	2.4	2.1
Net performance fees	**3.2**	**19.3**	**2.8**	**12.8**	**4.5**

GAM's hedge fund business is initially to develop a multi-strategy trading platform that will act as the "prop-trading" desk for the benefit of the UHNW backers and clients of the firm with a similar cost/fee structure to Millennium. Global arbitrage, event-driven and macro strategies are expected to be the initial core trading strategies. We believe that the board and top management's deep connections in the hedge fund and prop trading space will be instrumental in bringing in the talents to implement GAM's alternative strategies. It is expected that the various trading pods on the platform will evolve into hedge fund spin-offs to be marketed to a wider investor base. Similarly, we intend to use synergies with NJJ to establish more long-term capital, mostly private markets investment vehicles in particular in infrastructure, real estate, private equity and venture capital, with specialized strategies and growth themes such as the electrification and digitalization of the economy alongside the expertise of **NewGAMe** group. Acquisitions will be considered in the future as an accelerator of growth with minimal J curve.

NewGAMe's objective is for alternatives to represent 15% of AuM in the next 2-3 years.

Wealth management

Wealth management is another GAM "original" activity which has almost disappeared. We intend to rebuild the wealth management business through partnerships and targeted acquisitions, particularly in Switzerland and focusing on UHNW. MIFID, the changing FINMA regulations and the UBS-Credit Suisse merger is opening significant opportunities to a wealth management platform such as GAM.

According to JPMorgan, UBS' wealth assets risk dropping by US$ 150bn as a result of its merger with Credit Suisse, mainly because of clients' overlap.

UBS's Wealth Assets Risk $150 Billion Drop on Merger, JPM Says - Bloomberg

The opportunities created by this mega-merger are enormous for Swiss wealth managers that will be looking to grow assets aggressively – which will be the case for **NewGAMe**. Equally, the ability to perform at acceptable costs is being severely constrained by a new and heavy regulatory environment in Switzerland. This will push independent and small/medium sized wealth managers to platforms. We believe that GAM can gain significant traction in this market. As the only independent, non-bank, listed asset manager in Switzerland, given the product offering and the talents we intend to bring in and nurture, and with the prominent Swiss private bankers we propose on the board, GAM could become a major player in the Swiss wealth management landscape.

Marketing & distribution

GAM's distribution strategy relies on intermediaries for about half of the AuM. This results in 33% of investment management fees being paid out. While GAM's extensive global distribution network is of significant value for the existing product range, we believe that the new mix will automatically result in a lower percentage of fees being paid out. In particular, we expect that the alternatives and wealth management side of the business will not rely as much on placement agents as GAM's fund management business.

Investment Management AuM by client segment *(in CHF bn)*

	30.06.18	31.12.1	30.06.19	31.12.19	30.06.20	31.12.20	30.06.21	31.12.21	31.12.21 reclassed and adjusted	30.06.22	30.06.22 reclassed and adjusted	31.12.22
Intermediaries	41.8	27.4	23.9	23.0	16.1	18.3	17.8	17.1	18.2	13.3	15.2	12.4
Institutional clients	37.6	24.7	24.5	21.8	16.5	14.7	14.0	11.9	11.4	11.3	10.3	9.7
Wealth management	5.0	4.0	3.7	3.6	2.9	2.9	3.0	2.9	1.4	2.5	0.7	1.1
Total	**84.4**	**56.1**	**52.1**	**48.4**	**35.5**	**35.9**	**34.8**	**31.9**	**31.0**	**27.1**	**26.2**	**23.2**

As a result, we expect net / gross fees to trend from the current 33% to 30% in the next two years and possibly less going forward.

It should be noted that members of the proposed board have collectively raised dozens of CHF billions and we expect their reach to significantly impact on AuM growth.

FINANCING: CHF25m CONVERTIBLE ISSUE AND DILUTION IMPACT

As mentioned above, the first action of this proposed board of directors will be the issue of a CHF 25bn convertible. This will be subject to 2/3 shareholder approval at the EGM scheduled on Aug 25. Simplified terms are detailed below with the main features highlighted in yellow. The CB is expected to be subscribed by **NewGAMe**, members of the board, the CEO and key shareholders.

a) **Duration:** 5 years
b) **Early redemption:** subject to a prior notice of not less than 30 trading days, the Company will have the right to redeem some or all of the convertible instruments at any time at 150% of their principal amount
c) **Amount:** CHF 25 million (due upfront)
d) **Maximum number of shares:** a maximum of 31'250'000 shares ("maximum conversion"). Upon maximum conversion, the Company has the option to (i) increase the maximum conversion up to a maximum of 62'500'000 shares or (ii) redeem the shares at 135% of par value plus accrued dividends
e) **Interest:** 1%
f) **Conversion period:** at any time until 10 trading days prior to maturity
g) **Conversion price:** during the conversion period, the holders of the convertible instruments will have the right to convert all or part of the convertible instruments that they hold at a conversion price that will be the lesser of: (i) 135% of the average bid price for the Company's shares for 5 trading days immediately prior to the issuance of the convertible instruments (the "fixed conversion price"), and (ii) 100% of the average for the 3 lowest closing bid prices in the 40 days immediately preceding the exercise of the conversion rights (the "floating conversion price")
h) **Mandatory conversion:** at maturity, the convertible instruments will automatically convert into shares of the Company at the conversion price mentioned at g), subject to the right of the Company to settle outstanding financial instruments in cash as per d).
i) **Warrants:** up to 15 million warrants with a duration of 5 years. Exercise price: 150% of the average bid price for the Company's shares for 5 trading days immediately prior to the issuance of the warrants

The maximum dilution would occur if the shares are falling at any point during the conversion period to CHF 0.4. This is determined as 62.5m*0.4 = CHF 25m (0.4 is the floor) and if subsequently the shares would rise above 150% of the price of GAM at the time of the issue of the warrants. If, for example, the warrants were issued today, the strike would be at 0.87. At which point 15m warrants would be issued. As such, in this scenario where the shares initially fall to 0.4 and then rise to 0.87 and the warrants are exercised this would lead to the creation of 77.5 million shares (62.5+15). The total number of shares outstanding would then be 235.4m shares and the dilutive impact would be 33%. The minimum dilution would take place in a scenario where the shares are converted at the 135% strike but never trade at 150% in the next five years. Again, taking today's share price as the issue price, the conversion price would be 0.783 and the number of shares issued 31.93m (25m/0.783). Hence the total number of shares outstanding would be 189.8m for a dilution of 17%. A likely scenario is that the CBs are exercised at around the current share price leading to 42m shares created and that the shares then rise over the next few years by over 50% (our objective is actually a lot more – see below "exit" valuations) leading to another 15m shares issued. The total number of shares will then be 215m for a dilution of 27%.

Even at the maximum dilutive point of 33% (remembering that for this to happen, the shares need to go down first and then more than double), the CB is significantly less dilutive than the Liontrust deal.

In the Liontrust deal, GAM shareholders receive 0.0589 Liontrust shares for 1 GAM. Hence GAM shareholders will collectively receive 9.3m shares and will own 12.5% of Liontrust. Liontrust 2025 consensus EBIT estimate is GBP 63m. Liontrust estimates that GAM will generate 30% EBIT margins by then which, AuM being the same (they should be more actually) translates into an EBIT of CHF 42m or GBP 37m at today's exchange rate. The combined EBIT estimate would therefore be GBP 100m and GAM shareholders would own 12.5% of it or GBP 12.5m. At maximum dilution in our CB financing proposal, for the same 37m of EBIT, GAM current shareholders would own 67% of it (33% max dilution) or CHF 24.8m or TWICE AS MUCH as in the Liontrust deal. Another way to look at it is in terms of AuM. In the Liontrust deal, GAM shareholders will "own" 12.5% of GBP 51bn AuM or 6.4bn. Under our CB proposal, GAM shareholders will own 67% of GBP 20bn or GBP 13.6bn – again more than TWICE than in the Liontrust deal. And this is in the case of maximum dilution. Finally, GAM shareholders will be able to share between 83% and 67% of the GAM turnaround as a standalone whereas they would only get 12.5% of it in the combined Liontrust+GAM merged entity.

Investors that would consider tendering for the Liontrust deal must love Liontrust to start with. We offer no views on this. However, we would suggest to these investors that love Liontrust and believe in the turnaround prospects of GAM (as presented by Liontrust or **NewGAMe**) would be FAR BETTER OFF being long Liontrust and a standalone GAM than be long the combined entity for the reasons described above.

The convertible will be subject to a private placement,

FINANCIAL PROJECTIONS

We have developed a P&L and cash flow model with the possibility to change all the various variables in order to play with different scenarios or assumptions.
The main variables are as follows:

- Market Performance
- AuM Outflows/Inflows
- % in alternatives & corresponding performance fees
- Distribution fees
- Personnel expenses (fixed & variable)
- General expenses

The following are the financial projections for 2024-2025 and 2025-2026 for a stable / growth scenario, i.e. where AuM stay at CHF 23.2bn in 2024-2025 and then grow by 10% in the following period. We also assume that there will be 10% in alternatives by 2025-2026 generating 10% return and 15% performance fees. 30% of fees go to intermediaries. Headcount has been reduced to 265 in 2024-2025 and increases to 290 in 2025-2026.

	stable AuM	**stable AuM**	**+10% AuM**
	2023-2024	2025-2026	2025-2026
Average AuM	23.2	23.2	24.4
Gross Invt Mgt Fee (bps)	0.70%	0.82%	0.82%
Distribution fees/commission payout (%)	30%	27%	27%
Net Invt Mgt Fee (bps)	0.49%	0.60%	0.60%
Net Investment Management Fees	**114**	**138**	**145**
Net Performance Fees	**4**	**35**	**36**
Total Fee Income	**118**	**173**	**181**
Expenses			
FTEs	**265**	**265**	**290**
AUM / Employee	88	88	84
Regression based employee prediction	86	86	86
Total Personnel expenses (incl restructuring exp_	**60**	**59**	**64**
-compensation ratio (excl restructuring)	**45%**	**34%**	**35%**
Fixed personnel expenses	40	44	48
Variable personnel expenses	13	15	16
General expenses	**48**	**51**	**52**
- as % income	41%	29%	29%
TOTAL EXPENSES	**109**	**110**	**116**
Depreciation	15	15	15
EBIT	**-6**	**48**	**50**
EBIT/AuM	**-0.03%**	**0.21%**	0.20%
EBIT/Fee Income	**-5.1%**	**27.7%**	**27.6%**

SENSITIVITY ANALYSIS AND 2025-2026 “EXIT” VALUATIONS

2025-2026 sensitivity analysis

Grey Sky

2024 assumptions	FTEs=245 / AuM down @ -15%						21.692	ev/AuM val	P/EBIT val	**Expected**
2025 assumptions FTEs = 245;10%HF		**net margins**	**net inc /AuM**	**net inc**	**cash burn**	**excess liquidity**	**composite "exit" valuation**			**Upside**
AUM	-10%	17%	0.13%	14	-2	50	107	0.8%	5x	23%
	0%	21%	0.16%	31	+4	57	208	1.3%	5x	139%
FTEs=265	10%	22%	0.16%	34	+6	57	242	1.3%	6x	178%

Calm Sky

2024 assumptions	FTEs=265 / AuM stable @ 23.2bn						25.52	ev/AuM val	P/EBIT val	**Expected**
2025 assumptions 10% HF		**net margins**	**net inc /AuM**	**net inc**	**cash burn**	**excess liquidity**	**composite "exit" valuation**			**Upside**
AUM	-10%	27%	0.20%	44	+14	65	315	1.8%	6x	262%
	0%	30%	0.23%	52	+22	73	400	2.1%	6x	359%
FTEs=290	10%	31%	0.23%	56	+24	73	464	2.1%	7x	433%

Blue Sky

2024 assumptions	FTEs=285 / AuM +10%						28.072	ev/AuM val	P/EBIT val	**Expected**
2025 assumptions 10% HF		**net margins**	**net inc /AuM**	**net inc**	**cash burn**	**excess liquidity**	**composite "exit" valuation**			**Upside**
AUM	-10%	31%	0.23%	56	+24	74	398	2.0%	6x	357%
	0%	34%	0.26%	65	+32	82	534	2.4%	7x	513%
FTEs=315	10%	34%	0.26%	66	+34	81	567	2.4%	7x	551%

Net Income 2023-2024 sensitivity analysis to FTE/AUM

AuM/FTEs	450	350	300	285	265
-10%	-38	-22	-14	-12	-8
0	-32	-16	-8	-6	-3
10%	-26	-11	-3	0	3

Significant operational leverage to small variations in FTEs and % going to alternatives

FTEs = 265

Net Income 2025-2026 sensitivity to % Alternatives/AuM

AuM/Alternatives	0%	10%	15%	20%
-10%	-1	32	48	65
0	6	41	58	75
10%	13	59	67	86

BALANCE SHEET VS. PEER GROUP

all M CHF	**GAM**	**COMPOSITE**	**LIONTRUST**	**JUPITER**	**MAN**	**ASHMORE**	**ANIMA**	**JHG**	**ARTISAN**	**WESTWOOD**
CASH	138	4773	148	448	1536	849	461	1176	132	22
OTHER CA	33	2672	273	127	622	74	219	915	410	31
TOTAL CA	171	7444	421	576	2158	924	681	2091	542	53
FIXED ASSETS	45	487	4	41	231	9	7	52	138	6
GOODWILL/INTANGIBLE	83	6713	146	606	624	91	1519	3668		60
OTHER ASSETS	53	1090	0	20	33	75	61	427	458	16
CURRENT LIAB	6	2360	294	254	903	117	773	0	17	1
LT DEBT	39	880	2	50	233	6		308	278	4
OTHER LIAB	157	2436	24	94	344	9	143	1334	461	27
SH EQUITY	151	10058	249	844	1566	967	1351	4597	382	102
TOTAL ASSETS	353	15734	570	1242	3046	1098	2267	6238	1138	135
			570	1242	3046	1098	2267	6238	1138	135
WORKING CAPITAL	165	5084	127	321	1255	807	-93	2091	525	52
NET CASH	138	3020	145	349	1303	841	-312	869	-159	-16
NET-NET (CA - TOTAL DEBT)	-31	1768	100	177	678	792	-235	450	-214	20
NET CASH/MARKET CAP	160%	19%	28%	52%	43%	49%	-11%	21%	-6%	-16%
NET-NET/MARKET CAP	-38%	11%	19%	26%	23%	46%	-9%	11%	-8%	20%
ASSETS / EQUITY	2.3	1.6	2.3	1.5	1.9	1.1	1.7	1.4	3.0	1.3
MARKET CAP IN CHF	83	15725	520	670	3004	1726.005	2768	4088	2847	102
AUM	23000	764690	34709	57810	164668.6	65663	54369	258570	115200	13700
MKT CAP/AUM	0.4%	2.1%	1.5%	1.2%	1.8%	2.6%	5.1%	1.6%	2.5%	0.7%

THE LIONTRUST OFFER – WHY SHAREHOLDERS MUST NOT TENDER

The Liontrust is not a takeover of GAM but rather a take-under. The offer significantly undervalues GAM and does not reflect the significant upside that a successful turnaround will generate for all stakeholders.

- The all-share deal means GAM shareholders are subject to the volatility of Liontrust's share price without a firm value for a business with significant intrinsic value. The bid is currently valued at CHF 82m. We believe GAM is worth over twice that amount as shown at the beginning of this report.
- Liontrust has been globally one of the worst-performing stocks in the fund management sector over the last 12-18-24 months. Combining the worst-performing stock in the sector (GAM) with one of the worst-performing stocks (Liontrust) does not make for a winning combination.
- GAM shareholders will own 12.5% of the combined entity while contributing 40% of the AuM. This deal is totally lopsided.
- According to Liontrust's own statement, this deal will be immediately accretive to Liontrust with GAM's EBIT margins expected to reach 30% by 2025. A 30% EBIT margin business with CHF 23bn of AuM is NOT worth CHF 82m today. The benefit of GAM's turnaround will be massively diluted in the combined entity as shown above.
- The transaction is subject to significant execution contingencies, and the risk of an unsuccessful exit of FMS is being shifted to GAM shareholders. The selling process of FMS is opaque and does not maximize its value.
- GAM's shareholders have until August 15 2023 to accept Liontrust's offer but may not receive Liontrust shares before the end of 2023 or even further. During that time, shareholders cannot sell their shares, withdraw their acceptance or benefit from a competing offer. Shareholders also risk being unable to vote at general meetings. The second line of tendered stock will be illiquid.
- Liontrust will be able to access a significant part of GAM's net cash pile post-merger as part of the regulatory capital will be released, in particular that of FMS. Liontrust is financing this deal with GAM's cash in the bank!
- Moreover, over CHF 2bn of GAM's tax loss carry forward will enhance Liontrust's after tax results at the expense of GAM's current shareholders.
- Liontrust is buying a highly ranked investment team. From Liontrust's statement: "We have been impressed by the quality of the investment teams at GAM. GAM's investment teams have delivered strong performance over the long term across asset classes, and nine fund managers are rated A to AAA by Citywire." Where is the premium?
- The deal was unanimously recommended by a discredited board and supported by top management who have no meaningful personal shareholding in the company.
- Liontrust is another company where senior management has minimal "skin in the game" but is being lavishly paid. John Ions, its CEO, only owns 1.3% of the company. Its CFO owns 1.5%. However, Liontrust may have questionable governance: Ions' 2021 compensation of GBP 6.6m was barely approved by 54% of shareholders at the February 2022 GM.
- Liontrust's last acquisition (Majedie Asset Management) was completed at 1.7% of AuM + excess of regulatory capital and an earn-out. The offer for GAM is at 0.4% of AuM, excludes FMS and has no earn-out.
- The turnaround plan proposed by **NewGAMe** presents significantly more upside. As shown above, we believe that GAM could be a 3x-5x, possibly more in the next 2-3 years.
- Last but not least, the GAM brand name which used to be illustrious and anchored in Switzerland, is destined to disappear with the acquisition. Liontrust's statement about preserving GAM's Swiss heritage is sadly laughable.

TENDER OFFER TIMETABLE AND SCENARIOS

TENDER OFFER TIMELINE AND TRIGGER EVENTS AND DECISION TREE

7-Jul Liontrust AGM

offer could be bumped anytime but min 10 days tender period at the new price

28-Jun main offer period **25-Jul** *main offer period could be lengthened*

Aug 25: GAM EGM to revoke the board and vote in NewGAM slate of directors

Liontrust gets less than 50% tendered

DEAL IS DEAD

Liontrust gets more than 66.7% tendered

OFFER BECOMES UNCONDITIONAL = DONE DEAL

Aug 2-Aug 15 addtl acceptance period

Liontrust gets between 50% - 66.7%

LIONTRUST CAN WALK AWAY
66.7% MINIMUM CONDITION NOT MET
DEAL IS DEAD

OFFER DECLARED UNCONDITIONAL
66.7% CONDITION IS WAVED
Aug 2-Aug 15 addtl acceptance period

GAM shareholders can block dilutive cap raise and delisting with more than 33.3%

Liontrust can't do much except issuing max 10% of capital without preferential rights for shareholders

Liontrust receives less than 66.7% of the share capital (but has more than 50%) at the close of the 2d offer period

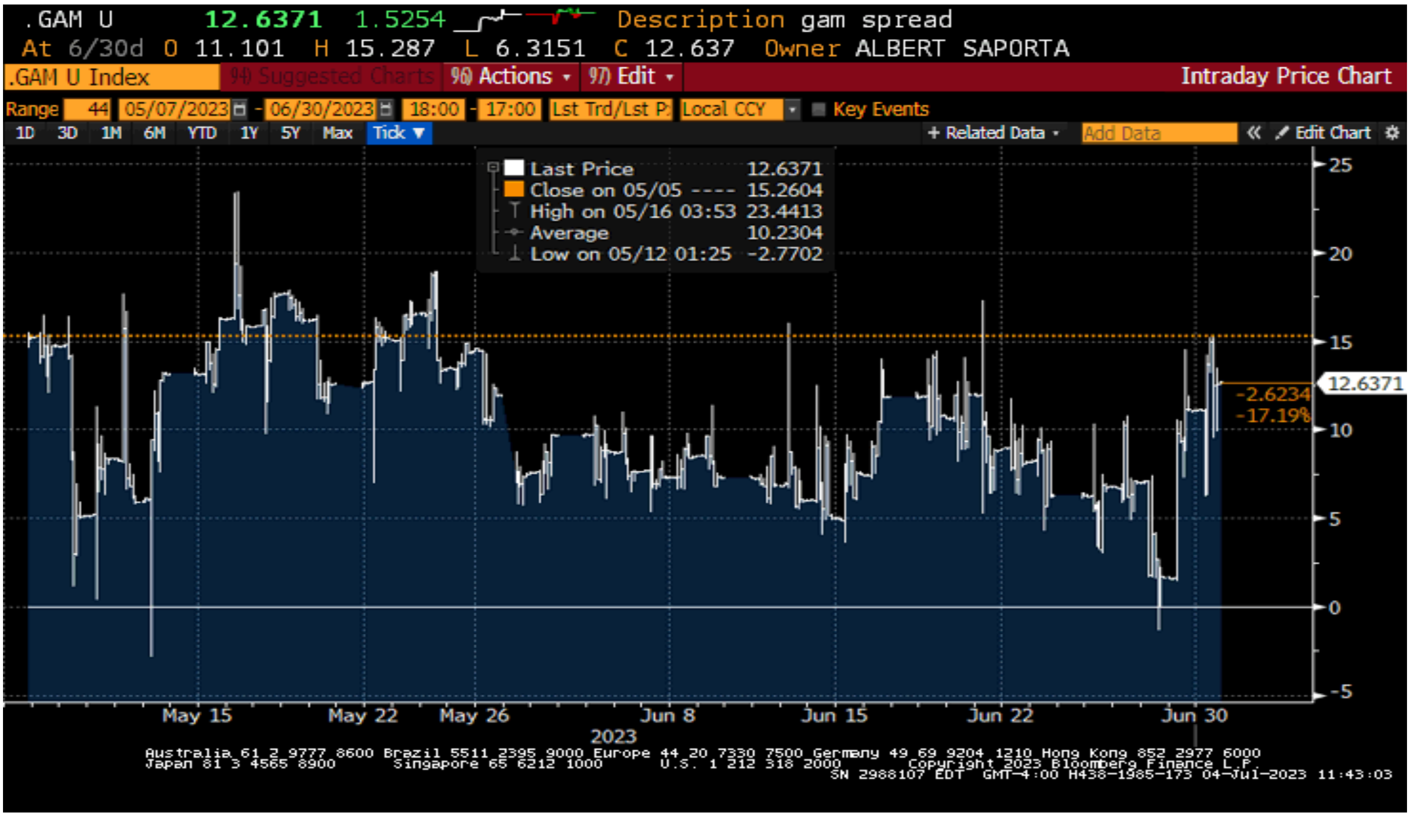
Liontrust receives over 66.7% of the share capital at the close of the 2d offer period

> 90-98% — *squeeze out*

>66.7% < 90% — *Liontrust can approve cap raise without preferential rights*
Liontrust can approve delisting

GAM's board resigns and a new board controlled by Liontrust is elected
intends to hold a shareholder vote for the delisting of GAM

However the above voting rights only apply at completion of the Liontrust offer. Before that, Liontrust will NOT be able to vote the shares that were presented to the tender.
Hence shareholders who tender to the Liontrust offer will not be able to vote at the Aug 25 EGM



GAM has been trading at a consistent premium to the terms of the deal ever since it was announced. From that point of view, the market is saying that this deal is dead – at least on current terms.

CONCLUSION

We strongly believe that a properly managed GAM, incorporating a culture of “partnership” and a true alignment of interests from the top down, will create a business, that will be successful in retaining, developing and recruiting the best talent in the industry. At the same time, there is ample opportunity to strengthen GAM’s cost management and right-size the cost base and footprint of the business in line with its current AuM. We plan to leverage our new board of directors, shareholders and management team and their collective relationships to rebuild a best-in-class equity and alternatives / hedge fund business and to introduce higher value added / long-term capital products notably in private markets. We also intend to leverage the knowledge and relationships of the new board and key shareholders to rebuild the wealth management business which has been neglected by existing management. We will rethink GAM’s distribution strategy, reducing reliance on intermediaries and focusing on UHNW. GAM has enormous operating leverage, where even small changes in the cost structure and / or in the product mix can have a significant impact on the bottom line. We believe that we have in place the people to implement a successful turnaround that will lead to significant value creation and will benefit all of GAM’s stakeholders.