

NewGAM

Investor group NewGAMe and Bruellan asks Swiss Takeover Board to impose final deadline on Liontrust's offer for GAM and raises serious concerns about the risk of a liquidity mismatch at major Liontrust fund

Geneva, 31 July 2023 – The investor group comprised of NewGAMe SA and Bruellan SA, which controls approximately 9.6% of the issued share capital of GAM Holding AG (GAM), has asked the Swiss Takeover Board (TOB) to impose a final deadline on Liontrust's bid for GAM to protect shareholders' interests. Liontrust's initial tender offer period was originally due to end on 25 July but has already been twice extended by Liontrust, most recently to 4 August, and looks set to be further extended. This deprives GAM shareholders of much-needed certainty when casting their vote at GAM's upcoming EGM. In an open letter, written by NewGAMe director Albert Saporta to Liontrust CEO John Ions, NewGAMe also raises serious concerns about liquidity and risk management at one of Liontrust's largest funds as one of the many reasons for not tendering to the exchange offer.

In its letter to the TOB, NewGAMe raises an important issue arising from Liontrust's double extension of its GAM offer:

- The first tender offer period was due to end on 25 July. This was initially extended to 28 July and then further extended to 4 August
- Under TOB rules, the extension of an offer period over the publication of the target's results requires the offer period to run for a further 10 days after the results. This means Liontrust is likely to extend the offer period a third time – probably until 17 August
- Liontrust has also brought forward the date of the EGM from 25 August to 18 August
- The EGM was requested by NewGAMe (as GAM's second largest shareholder) to remove GAM's current board of directors and appoint a new, experienced board – with significant investment in GAM – to implement a turnaround plan
- The multiple extensions of the Liontrust offer means shareholders are unlikely to know the level of support Liontrust has received before voting at GAM's EGM
- This prevents a level playing field at the EGM. NewGAMe believes it is essential shareholders are given all information necessary to make a rational and informed decision at the EGM
- Accordingly, NewGAMe has asked TOB to impose a final extension of 11 August on Liontrust's offer for GAM

In his open letter to Liontrust CEO John Ions, NewGAMe director Albert Saporta raises several concerns about Liontrust as a bidder. The letter states: *"...as a GAM shareholder, we obviously had to ponder whether, at a price, we would have considered being a shareholder in Liontrust via the tendering of our own shares of Liontrust."*

The letter goes on to state: *"Independently of the fact that we believe that GAM has a great future as a standalone company, there are significant risks with Liontrust which would have prevented us tendering at any price."* The two most critical risks are:

- The risk of a liquidity mismatch under certain market circumstances at Liontrust's flagship Special Situations Fund, which has seen its AuM decline from GBP 6.5bn to GBP 4.5bn since the end of 2021. Up to 40% could be considered not liquid or outright illiquid under certain market circumstances. Some positions could take years to liquidate given current market liquidity. Moreover, cross-ownership of positions between funds managed by the same team means that a liquidity event in one fund would affect the others in a feedback loop, leading to more forced liquidations
- The recent departure of the ex-Majedie team managing the Tortoise fund has led to a total collapse of that fund's AuM. Considering Liontrust's acquisition of Majedie was only completed in April 2022, this exposes Liontrust's poor acquisition record and shaky business model

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Albert Saporta, director of NewGAMe, said:

“Like the many GAM investors we have spoken to over recent weeks, we have no intention of tendering to Liontrust’s offer and becoming a shareholder in this risky enterprise. Red flags are popping up everywhere and we encourage fellow GAM shareholders to hold on to their shares and ignore Liontrust and GAM’s fearmongering.”

NewGAMe’s letter to the TOB can be found here:

[https://newgam.ch/assets/downloads/Lettre_COPA - 30 juillet 2023.pdf](https://newgam.ch/assets/downloads/Lettre_COPA_-_30_juillet_2023.pdf)

NewGAMe’s open letter to Liontrust can be found here:

https://newgam.ch/assets/downloads/NewGAMe_Letter_to_Liontrust_31_July.pdf

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About NewGAMe

NewGAMe SA is a Geneva-based company owned by a number of investors with experience in the financial sector. It is controlled by Rock Investment, a French-incorporated entity that is owned by NJJ Holding, the personal holding company of Xavier Niel. Albert Saporta, a hedge fund industry veteran with 40 years’ experience in global financial markets, serves as the director of NewGAMe SA.

About Bruellan

Bruellan SA is an independent provider of global wealth management solutions. The company was founded in 1991 and is located in Geneva, Lausanne, Crans-Montana and Verbier.

<https://www.bruellan.ch/>