

NewGAM

Reply to open letter from John Ions, CEO, Liontrust Asset Management plc

10 August 2023

Dear John,

Thank you for your letter. It's good to hear from you as well, after our exchanges with David Jacob, and see that you are equally desperate to successfully complete your tender offer for GAM.

You can't be serious in saying that **NewGAMe's** "100-day plan" prompted your letter. It's a bullet point synopsis presentation of a much larger set of detailed documents which summarizes many months of intense work and due diligence on our part, and which you should not underestimate, along with our team. They have the merit of being there on an open website, unlike your "plan" which remains vague beyond a few sentences, key words, and random numbers which evidently have failed to persuade GAM shareholders in tendering to your offer while your stock price has been tanking.

Before answering your questions, I will comment on your latest extension (August 23 is the maximum 40 trading days deadline – unless you ask the TOB for another extension and further lose any credibility left?). By scheduling the result of the tender after the EGM, you are depriving shareholders of key information they need to vote at the EGM. Certainly not in the interest of GAM shareholders. We have asked GAM to re-schedule the EGM for after the tender results. As they announced yesterday that they will not oblige, we have simply withdrawn our resolutions and will request a new EGM to be held after the results of the Liontrust offer are confirmed, in all fairness to shareholders.

I will then answer your last question (9) first. No, we will not tender our shares to Liontrust and we are not the only ones sharing this view. As explained by Albert Saporta, who runs **NewGAMe SA**, in his open letter to you a few days ago, we have no intention of becoming a Liontrust shareholder. Liontrust is, in our view, another Woodford in the making. Liontrust is the worst performing stock of all listed investment management firms globally save for GAM over multi-time periods. AuM are declining. PMs are leaving, leading to some funds' AuM going to zero (and we expect more Majedie PMs to leave now that their retention bonuses have been paid out). Most importantly, one of your largest teams is running a Woodford-type fund, the Special Situations fund. This GBP 4.5bn fund, down from GBP 6.5bn, could face a liquidity mismatch crisis particularly if redemptions continue at the same rate. As you know, we have analyzed very carefully this portfolio position by position and basically half of it is illiquid. This is a fact. This not only exposes a lack of risk management at the firm, but it also creates the conditions for a reputational and AuM meltdown of which we do not want to be part of. Additionally, the management team and the board have meaningless shareholdings, particularly when compared to all the money you have taken in the form of compensation while your stock price has been tanking – a situation not dissimilar to GAM and which leads to the kind of dysfunctional management we want to change at GAM. Finally, the tender offer and its process exposed many governance failings with which we do not want to be associated.

It is a "gimme" that your tender offer is failing to attract any meaningful interest. However, in the very unlikely event you were to waive the 2/3 condition and open a second tender period, we would not tender our shares, and we would not be alone in this situation. We intend to remain a

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shareholder of GAM and extract full and fair value for our investment. The ones destabilizing GAM's business are you and GAM's board. This has been made obvious by your misleading communication, deceptive tender practices, the moving around of the EGM, and the constant fearmongering around GAM which is certainly not conducive to the stability that you and GAM's board supposedly cherish.

Frankly, I don't know what there could be to discuss with Liontrust from the point of view that your offer does not make any economic sense, is substantially below the lowest values expressed in the Fairness Opinion delivered by an independent expert, and substantially below our own partial tender offer. We have the same interest in turning around this business and we too are incredibly excited at the opportunity. However, how we run GAM post-EGM is none of your business since you and Liontrust don't own one GAM share. Your own plan for GAM lacks substance, and its only claim to fame is that it is fully diligenced. So what? Does it make you better at running the business? Judging by your own stock price and AuM trend, certainly not. You can rest assured that we have assembled incredible expertise to manage this turnaround successfully, that we have shared our plan in detail with a very large number of shareholders, and that we are receiving tremendous support. I don't need to claim it, the market is doing it for us. In case you did not notice it, GAM is not only trading at a significant premium to the terms of your offer but also way above the equilibrium price of our own tender offer $= (0.417 \times 0.825 + 0.55 \times 0.175)$. The stock has been trading at a premium ever since your deal was announced and that premium keeps expanding. It was a record 34% at the close yesterday. This should tell you two things: this Liontrust deal is not happening, and investors and shareholders are buying **NewGAMe's** turnaround. You can do all the talking and fearmongering you want, the market is simply not believing it, and as you should know, the market is a voting mechanism, and it says your deal is dead. Period.

Now with your questions:

1. The CHF 200m figure that you quote is a random number which makes no sense in the context of CHF 20bn AuM business. You can argue to the contrary at length, no CHF 20bn AuM business needs CHF 200m in capital to survive. As a matter of fact, Liontrust does not have CHF 200m to spare, and not even CHF 100m given that your excess liquidity ex-regulatory capital is well below that amount.
2. Nobody is going into this turnaround situation, including yourself, assuming that the losses are going to continue at the same rate since the objective is by nature to stop them. We have already indicated that any further capital raising post the Convertible Bond issuance, if needed, would be non-dilutive. This is supported by all the shareholders we have talked to.
3. Your question is full of conditional assumptions. We are comfortable with our financial projections in terms of the liquidity needs of the company.
4. How we will do it is none of your business. We will not be "pivoting" to alternatives and wealth management. We will be adding those activities to the current business, and we expect them to become core businesses fairly quickly in terms of fee contribution. It looks like you haven't read who are the backers of this project nor who are the directors we propose at the EGM. Nor do you understand the partnership culture we want to recreate at GAM – and how could you given that this is non-existent at Liontrust. We have significant commitments in terms of both money and people for these businesses.

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5. What assurances did YOU give to your shareholders that PMs at Majedie would remain at Liontrust? Do I need to remind you that Matthew Smith and Tom Morris left your firm a few weeks ago and the AuM of the highly successful Tortoise Fund, over a billion pounds, sank to almost zero in a matter of days? What assurances do you give that the other Majedie PMs will stay now that they have received their retention bonuses? I don't think you are in a position to ask such a question. In addition, I note that Liontrust's initial statement about PMs supporting the deal was "all senior PMs". In the last statement, it was only 12 of them plus two external managers. Not exactly overwhelming... We believe we will provide all stakeholders with the stability and credibility that GAM has lacked for years in order to run a very successful standalone business.
6. You do not really know what you are talking about. Hong Kong's approval is not a requirement for us. As for the others, it follows the usual process. As you perfectly know, we do not control the timetable of the various regulators.
7. Who is our CEO is none of your business. He has all the credentials to run GAM and more. Unlike you, we do not intend to fire the entire senior executive management team and we intend to work with GAM's employees.
8. You obviously do not grasp the business model of an activist, value-creating investor. For the rest, it is none of your business.
9. One way or another, the EGM will take place after the results of the tender offer are announced. We expect Liontrust to walk away, and shareholders will then have the opportunity to decide on who gets to run the firm.

You see, John, this tender offer has been running since June 28, and after extending it three times to August 23, and have GAM play games with the EGM, the market is still telling you every single day that shareholders are rejecting your deal, and rightly so. After all the numerous poor governance issues and the inherent risks at your firm we exposed and given the pitiful price that was offered, furthermore in a currency (both the Liontrust stock and the British Pound) that's depreciating every day, how could it be different? As for **NewGAMe**, we can't wait to get on with it.

Oh... almost forgot: The SIX SIS published (by mistake) on its website the results so far of your tender offer: 32.3% of shares tendered. I let you and the GAM board and especially GAM shareholders ponder the relevance of all your gesticulations to delay an inevitable outcome which amount to nothing else than causing the instability that you supposedly want so much to prevent.

All the best,

Anthony Maarek
Albert Saporta
NewGAMe SA