



## **OPEN LETTER TO THE SHAREHOLDERS OF GAM HOLDING AG**

April 10, 2017

**RBR plan aims to bring GAM's margin in line with its peer group.**

**Proposed candidates for the Board of Directors are committed to implementing appropriate executive pay, strengthening oversight and preventing expensive and misguided acquisitions.**

Dear GAM shareholder,

At the upcoming AGM on April 27th, you have the opportunity to protect the future of GAM by voting for the three candidates put forward by RBR to join the Board of Directors. The Company has a poor track record over the past half-decade in terms of costs, AuM and performance.

Decisive, immediate action is needed to put it back on track.

RBR candidates propose to implement a streamlining and growth plan seeking to bring an organization that is an outlier in terms of its cost structure into line with its peers: GAM's 2016 operating margin of 24% was the lowest in its peer group, significantly below the average of 45%, and a full 44% below the peer group leader Anima (which achieved an operating margin of 68%).

Our bottom-up operating plan has been independently verified by a leading management consultancy firm. An international audit firm has reviewed RBR's proposals to streamline the complex group structure and simplify GAM's regulatory set up. And, RBR has consulted with various outsourcing firms about the feasibility and pricing of outsourcing various fund and regulatory administration functions.

RBR's goal is to refocus GAM on its core functions: investment analysis, portfolio management, sales and distribution. To ensure GAM has attractive products and generates attractive returns for its customers, GAM needs to further support (through better platforms and infrastructure) and promote capable portfolio managers, and ensure they are properly incentivized through appropriate compensation structures.

To successfully implement this plan, RBR believes that a new CEO is required. RBR has identified a highly qualified candidate who is ready and able to lead the execution of the plan.

RBR has sought to engage with GAM since November 2016. RBR provided the current Board of Directors with the RBR plan and the associated consulting report. GAM's Board of Directors has not yet responded to RBR, even to indicate whether the reports have been discussed and reviewed. Furthermore, the current GAM Board has not interviewed any of the proposed RBR candidates. We are disappointed that the GAM Board has seemingly not taken our suggestions and work more seriously or even bothered to interview our highly qualified candidates.

As shareholders, we expect more.

We also expect the Board to do a better job in evaluating the use of the Company's capital in acquisitions. In 2016, GAM undertook two acquisitions. Cantab with USD 4.0 billion in AuM was acquired for just under USD 300 million in cash, with 65% of the performance fee remaining with the former shareholders and employees. We understand that within six months of the purchase close to 20% of Cantab funds were redeemed. In a second acquisition; THS, with USD 2.1 billion in AuM, nearly 50% of assets were redeemed within six months. Two key portfolio managers have left. We are concerned that these acquisitions, which have substantially reduced the company's cash resources, have proved extremely expensive and severely misguided.

RBR's candidates for the Board will strengthen oversight and ensure that any new or on going acquisitions are properly reviewed and considered. The candidates are also committed to curtailing the executive pay excess that has been pursued by the current Board and to the implementation of an appropriate executive compensation plan that will be aligned with shareholder interests.

For more information on RBR's views and a further analysis of GAM, please visit [www.freegam.ch](http://www.freegam.ch)..

**For more information please contact:**

RBR Capital: [info@rbrcapital.com](mailto:info@rbrcapital.com), +41 58 705 0000

**About RBR Capital Advisors**

RBR Capital Advisors AG, founded in 2003, is an investment management boutique specializing in investments in continental European equities, including long-short and long-only strategies. We are committed to generating double-digit returns for our investors in the equity markets with a commensurate amount of risk taken. We achieve this through our rigorous, robust and time-tested bottom-up research approach which involves several hundred company management meetings per year. We believe that entrepreneurial freedom and passion for what you do brings the best out in people. We set very high standards for what we do and as a consequence we align ourselves with our investors: our own money is invested alongside client assets. Our strengths have been externally recognized in a number of industry award nominations, in particular for long-term performance, such as Investor's Choice, EuroHedge and HFM Awards.