RBR CAPITAL ADVISORS

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Transcript

Kasia Robinski: Ladies and gentlemen, thank you for joining us today. The AGM of GAM will be held on 27 April and we'd like to present our thoughts on the business before that meeting takes place. My name is Kasia Robinski, and I'm the candidate for Chairwoman that RBR Capital has put forward. I'm joined today by Rudi Bohli, and William Raynar who are the two further RBR candidates for the GAM Board.

Over the past few months we spent a lot of time carrying out an in depth review of GAM. It's obvious to us that it's a business that has lost its way, a business in serious trouble. Over the next 20 to 30 minutes, we'd like to show you why we're so concerned and also how we believe that GAM can be turned around. To get a glimpse of the problems, you only have to look at the share price. Alex Friedman took over as CEO in 2014, since that time GAM shares have plunged by 40%. This is far worse than any of its peers, and a full 44% worse than Schroders who have led the pack.

What we'd like to do now is to explore some of the reasons why the business is failing, before moving on to our streamlining plans, then discussing some of our growth initiatives and finally moving to our suggestions for the board. The key problems we see at GAM are as follows; GAM has a serious cost problem, GAM is losing managed funds at an alarming rate. Management have failed to achieve any cost savings, actual costs have increased.

CEO pay is totally detached from any measure of performance. The recent Cantab acquisition, which was haphazard and heavily overpaid, is another sign of how the business has lost its way. Let's focus on cost, GAM is the least cost effective business amongst its peers. The average operating margin in its group is 45%, Anima leads the pack with an attractive operating margin of 68%. Whereas GAM only delivers 24%, this is around half of the average.

GAM management is aspiring to 30%, post its drawn-out cost cutting plan this is still below everyone else in the group. GAM management is hoping for 35 to 40% on the back of growth, we consider these to be very low targets. We believe that a 48% margin is easily achievable and we have a clear plan on how to deliver this. GAM is losing managed funds at an alarming rate. Between 2011 and 2016 Azimut grew its funds under management by 162%, Schroders by 102%, Jupiter by 78%. GAM was the worst performer amongst its peers.

Excluding acquisitions, it lost 10% of its funds under management. Let's look at outflows a little more. As you can see on this slide, between 2011 and 2016, GAM increased funds under management by 400 million. 11.4 billion was accounted for by net outflows, 5.3 billion by performance, which over 5 years is not impressive and GAM tried to make up for the loss of funds by acquisitions but these have been heavily overpaid and haphazard.

Rudi Rohli: Continuing from what Kasia just said, let's move to page number eight, GAM overpaid for acquisition. Cantab was the wrong target at the wrong price. 50% of the cash balances are spent to disguise the money outflow from the traditional businesses. Only about one third of the economic benefits of Cantab go to GAM shareholders, if current management stays in place expect more of the same. GAM mislabels currency tailwinds as cost savings in the full year presentation, GAM omits the positive effects of currency tailwinds. They claim 20 million of cost savings, that is wrong.

On the left-hand side of the chart you see the total cost base in 2014, on the right hand side of the chart you see the total cost base in 2016, adjusted for currency tailwinds. The second column on the left, we deduct the vairable cost savings, the resulting column second from the right is an actual underlying cost increase of 1.9 million.

Kasia Robinski: We mentioned CEO compensation earlier. David Solo during his time was paid an average of 1.5% of net profits, 3.6 million Swiss francs in his final year. Since Alex Friedman arrived, profits are down by 55% and yet CEO compensation has increased by 70%, and most of this has been paid in cash. We don't think this is right.

We now present the RBR plan for streamlining. We would like to support and investment portfolio management in sales and distribution. These are the key drivers of the business and of its future growth. Secondly, GAM must streamline its bloated cost structure. After an in depth analysis, we are convinced that 51.8 million in cost savings could be generated from head count reduction in support functions and an additional 59.5 from savings and G&A.

We've also reviewed the potential relocation of remaining support functions to a low cost hub and have undertaken a detailed assessment of the opportunities in Poland. This is a country to which many financial institutions have moved significant back office operations, more information on this is provided in the appendix. We consider this a further 14.6 million in annual savings is within reach on the back of such a move.

It's important to add that this is a detailed operating and action plan that our team has been working on bottom up, for many months and that we have a high level of conviction that it can be executed and fast.

Rudi Rohli: Let's move to slide 12, which shows the actual profit increase potential of our plan. We contracted the global consulting firm to do a review of the costs of GAM. They came back with a cost savings potential 90 to 180 million in terms of savings. Furthermore, we asked a top four audit firm to do a review of the group structure and the regulatory requirement. Their proposal is to move to a group structure, which offers additional tax savings.

Furthermore, there's a major impact on people needed in finance and audit. In addition, we got quotes for services to be outsourced like risk monitoring, investment compliance, management services company in Luxemburg, transfer agents, trailer fee calculation, et cetera. The overall offer is less than 500,000 euros per annum for the services to be outsourced. For IT we recommend to go to a standard platform like Tradar. In summary, we propose to dramatically simplify the group structure and to outsource certain processes. The resulting savings are in excess of 100 million, our plan doubles earnings and doubles the potential for share price.

Let's move to slide number 13, streamlining of support functions. We propose to maintain the number of investment professionals at 195 and the sales people at 177. On the other hand, we propose to dramatically reduce the number of support people from 592 to 239. This is achieved thanks to improved processes and outsourcing. In total, we estimate savings in excess of 50 million Swiss francs.

On slide number 14 we give further details on the streamlining of the support functions. We propose to outsource transfer agents, investment risk and monitoring, management company of the Luxemburg company, investment compliance, trailer fee calculations et cetera. We believe it is sufficient to keep State Street monitoring in-house, and certain middle office functions.

Thanks to a simplified group structure we will need a lot less people in finance. We are convinced that 20 people are more than sufficient from currently 60. As far as legal is concerned, we want to outsource all the business that is focused on the funds and just maintain the group functions internally. Three lawyers should be sufficient for that. And now I would like to hand over to William to explain the other aspects of the plan.

William Raynar: Thank you Rudi, now let's move on occupancy costs on slide 15. The company findings indicate them at 25.7 million, either there are far too many square meter per employee, or GAM is paying way above current market rates. Indeed, for simplicity reasons, let's consider 26 million costs for 1,000 employees this breaks down to 26,000 Swiss francs per annum per employee. Furthermore, let's assume 20 square metres per employee, this would mean GAM is paying 1.7 times in excess of current market rates.

Given what was presented earlier on when it comes to head count reduction and applying current market rates, we could spare 16.8 million, bringing occupancy costs to 9.9 million. Finally, would we-instead of giving 20 square metres per employee reduce that number to 15, an extra 2.5 million reduction cost would be achieved. On the next slide, we will continue explaining how we can reduce costs.

On slide 16 we take a look at IT, communication and marketing expenses. Here we might have misunderstood part of the labelling in the company filing, indeed the numbers seem absolutely staggering. If we consider front office employees and a number of 400 of them, and we break down the market data expenses associated to them we get to a cost of 50,000 per annum. Furthermore, if we consider maintaining the hardware sitting on the desks of each of these employees, this adds up to a total of 93,000 Swiss francs per annum.

As I mentioned earlier, this seems like a staggering number. Other is comprised by the marketing budget, while this is probably unfair to break it down per relationship officer, the result here again, is eye opening at 51,000 Swiss francs per annum per relationship officer. So what we would recommend is to reduce and refocus the marketing spend, firstly. Secondly, given the constant headcount, to license 100 Bloomberg terminals and 50 to 75 other data terminals like FactSet or

Reuters. Finally, thirdly, having a high degree of standardisation across premises as to the hardware used. All of these measures would result in a cost reduction of 11.7 million.

On slide 17, we focus on some of the growth initiatives we think might be worth considering. Firstly, GAM is an incredibly strong brand, management is currently refocusing on it and we think this is definitely a step in the right direction. GAM furthermore is a scalable asset manager, able to deliver multi-client solutions. Secondly, in a zero-interest environment, distributors expectations have changed. They need to be understood, adapted to and delivered upon. Thirdly, active and passive fund management are complementary in a portfolio context. GAM has the potential to be a solution provider with portfolio building expertise. Furthermore, we would recommend two things, leveraging distribution and market knowledge by partnering with up and coming offer generators and developing new and alternative sales channels. For instance, into retail, teaming up with wholesale custodians. Here I'm thinking of the likes of Pershing.

On slide 18 we focus on the ten best performing GAM funds. Their performance ranges between 58.7% and 27.6%, this is excellent and it outperforms their peer group by 8.9%. Where the result is not so good is in terms of assets under management, indeed out of those ten funds only five have a size in excess of 100 million. Furthermore, none of those ten funds is leader of the pack. There we would make two recommendations.

First, we all know that sales and performance go hand in hand so such great examples should be leveraged upon more aggressively in the future. Furthermore, GAM needs to become a distribution powerhouse.

Kasia Robinski: The current GAM management plan is just not working, we don't believe that long drawn out, unspecified cost cutting plans can work and GAM with its declining profits and dwindling cash reserves does not have the luxury of time to dabble at this. Management teams who don't know how to design and execute a restructuring program need to be changed, GAM requires a new CEO. And in order to support the plan and the new CEO, the board must be strengthened.

So let's talk about the CEO. We have spent a lot of time on identifying the right individual for this position, we have someone excellent lined up. He has more than 25 years of experience of restructuring and growing financial businesses. He has been heavily involved in working with us on our plan. He has all the experience and skills required to deliver a far-reaching restructuring program and to bring the company back into growth. And most important of all, he has a real can do attitude.

The GAM board requires new leadership. On the left, you will see GAM's proposal, which brings little change and no new perspectives to the business. On the right, RBR's proposal brings new members with a range of skills including considerable turn around and growth experience. The RBR proposal offers a more relevant and balanced skill set. You will also see that we propose to replace two members of the three-member compensation committee. We consider that this is essential.

Rudi Rohli: We are exceptionally thankful to have such an outstanding person like Kasia to make herself available to stand for election as Chairwoman of GAM. After concluding her Ivy League education, Kasia spent her early career within the bulge bracket firms of GoldmanSachs and Credit

Suisse First Boston. Later, she started her career as an entrepreneur and investor. Her broad expertise will be invaluable to help steer GAM back on the road to success.

Over the last several months Kasia poured herself into this project with tenacity and numerous great ideas. Personally, I have invested a large part of my own wealth into GAM shares. I have great confidence that Kasia, if she gets elected, will look after my investment and that's for every other shareholder. Now let's move to the other two candidates, William Raynar and myself. William has the right credentials and the relevant experience, such as 25 years with UBS. Furthermore, he was a member of the management team of Banque Hottinger.

He is a guy who always has a new angle. He constantly challenges the status quo. William has great integrity and loyalty, he deserves your support at the upcoming AGM. As far as I'm concerned, I don't want to blow my own trumpet, nevertheless after the successful campaign with GateGroup[?] where we brought the share price from 25 to 53 in a period of less than two years, we think we are ready for a new campaign, I want to get personally involved not only with my money but also with my time. We believe GAM has substantial potential and we are ready to unlock it.

Let's wrap it up and move to slide 24. An independent study by a top management consulting firm has found the range of cost savings potential from 90 to 180 million. We are convinced that we have the right plan for GAM and that 100 million of savings by 2019 is feasible. Second, GAM has many great products and portfolio managers, with the right focus the trend in asset outflow can be reversed soon. Third, a great culture starts at the top, the current CEO has failed to demonstrate that he can fill that role.

Fourth, we are committed to pay GAM executives handsomely if ambitious targets are met. Fifth, GAM cannot afford another expensive and risky acquisition like Cantab. Dear ladies and gentlemen these conclude the formal part of our presentation. Support our plan at the upcoming AGM and voice your concern with ISS. Thank you very much.

Operator: *Thank you, we are now going to go over to our Q&A session over our phone lines. If you are listening to our presentation over the computer or a device and wish to ask a question at this time, please dial in with the number displayed in the local dial-in number tab on your screen. In order to ask an audio question please press *1 on your telephone keypad. Please ensure your mute function is switched off to allow your signal to reach our equipment.*

If you find your question has already been answered you may remove yourself from the queue by pressing *2. Again, that's *1 if you would like to ask a question. We'll pause now for a brief moment to allow everyone's signal. Again that's *1 to ask a question, we're just going to take a brief moment while we assemble the queue thank you kindly. We're now going to take our first question from Stephan Frischknecht from Schroders, please go ahead your line is open.

Stefan Frischknecht: Thank you, good afternoon. I actually have three questions, my first question is about the currency impact that you underlined on slide number nine, that has risen the cost savings. If maybe you could explain once more how your own analysis ties in with the slide that you pasted from the GAM presentation which I believe is slide 18 of the recent GAM's annual results presentation.

And then my second question was regarding the selection of the high performing funds, how you derived the peer group which you compare those funds against in terms of total assets under management. And then lastly, I was also wondering what led to your conclusion in terms of the suggestions who should be re-elected in the upcoming AGM. With a special focus on how you selected to propose for re-election or to propose not to be re-elected the members of the current compensation committee. Thank you.

Rudi Rohli: Okay, thanks a lot. So I'll take the first question I think the third question goes to Kasia and I think the second question is an easy one. The peer group was Morningstar, so I think it's Morningstar peer group. Let's go to the first question on page nine, so in the upper right corner of the chart you see the chart from the GAM results presentation. And if you go into that chart you see that there is no taking into consideration of the FX effect, right?

So what we have done now on our chart is at the right hand side the cost base 2016, we have just calculated that back at the 2014 exchange rate right? The details of that you find at the bottom and if the fine print is too small we are happy to provide the details for you. Essentially, then the second column from the left, the formula base, I think that we don't see that at cost savings that's just the reduction of the bonus pool because of poor results. And then you have an underlying cost increase.

So despite what management claims there have been no cost savings. The benefits of the outsourcing of the state street contract has been spent somewhere else.

Kasia Robinski: Now in terms of the election and re-election of members to the board, what do we – we take into account the fact that there is a history of – there is obviously a clear skillset amongst the existing board members. So we've gone an assessment – we've gone through an assessment of what we think that the business will require going forward and on that basis we've constructed a team that we think would be appropriate.

I would add that we have tried to engage with the existing board and we are – we wish to cooperate with them. And we believe that the teams that we have proposed now, and especially not just the board team but the membership of the compensation committee will be appropriate going forward.

Rudi Rohli: Next question please.

Operator: *Thank you and we can now take our next question from a David Hart from KeplerCheuvreux, please go ahead.*

David Hart: Yes, thank you and good afternoon also. And you've highlighted quite an extensive cost savings program could you actually shed a little bit more light on actually the restructuring costs, which would actually get involved in that. I appreciate this is a net figure that you highlight. And maybe on the second question which leads on to the first- from the first one is the- your timeline for these synergies on that basis. I mean these cost reduction from the head counts and would you anticipate a lot of that coming through in to '17 or more into '18?

Maybe my third question would be what do you aim to do differently on developing the distribution platform and the sales. You talked about investing in the sales and distribution platform but if I look at the headcount your just keeping those flat. So what will you guys offer differently to what the current management team is doing at the moment?

Rudi Rohli: Ok, well first I think I'll start on restructuring, I think William has something to add there as he has some considerable experience and then I think William is taking a shot at distribution. So in terms of restructuring I think in Switzerland the sale is straightforward, there is an administrative plan but in essence you're owed the contractual obligation in the individual contracts. But then there is a bargaining agreement. Overall, I think it is not a lengthy process and there is not a high cost associated with it and I think it's similar in the U.K.

William Raynar: Okay, and with regards to the distribution, this is of course a question where we were looking from the outside. And from the outside what we see is that the market has changed quite dramatically over the past ten years, of course there has been the emerging – emergence of passive but also Smart Beta and now we've got active ETFs for an outcome. What has happened up until quite recently is people have proposed passive to active, what we think is that you shouldn't oppose them. Basically, they are a part of the construction of a portfolio.

We are not saying in any way that GAM should enter into Beta. GAM has its place in Alpha and an Alpha generator. And people are going to be prepared going forward to spend money on performance generation. What is also means is you need to have a portfolio approach, you need to look at a portfolio in terms of different components a bit like what a fund of fund used to be and where GAM played a role. What we think is going in that direction, understanding what is offered in the market and leveraging upon it by bringing other products like niche products, more specialized products, products that bring in more fees.

In an environment where you've got zero interest rates, it is important to understand that distributors needs, the people that are paid the trader fee, also need something different. And therefore I think the distribution needs to be adapted so I hope I have answered part of your question. What we are saying is the distribution is in place, they have numerous contacts on the ground, they are locally represented, they understand the local markets, now it is a question of adapting it to what the client needs today.

Rudi Rohli: And that [inaudible] Kasia has.

Kasia Robinski: Yes, in terms of time, you asked the question as to when we would expect, on the restructuring cost, when we would expect to see the benefit. I mean clearly we have a far more, we have a far-reaching restructuring plan. So we would expect a lot of those costs to come through this year, so the benefits to start to be seen next year. And in terms of what we, how we differentiate ourselves from the existing management team, it’s in the, it’s in the detail and also the depth of our planned restructuring and the fact that we think we need to do this very quickly. You know, long, drawn-out programmes don’t tend to work and here we would plan to put that in place this year and to reap the benefits next year.

David Hart: Maybe just as a follow-up, I mean, could you shed a bit of light in terms of maybe the percentage of your total, net savings that would come through this year. One of my main queries at the moment is how of the current, if you guys plan for all these fantastic cost reductions, why would management, current management already in place, not implement that further? I'm just trying to see how you guys could further reduce those costs.

Rudi Bohli: Yeah, okay. I think that's an altogether different question. I think it goes back to the slides 13, 14 and 15. I think maybe we'll get to get that with later questions, but expect most of the savings in '18. Maybe we'll take the next question here.

David Hart: Thank you.

Operator: *Thank you very much. We can now take our next question from Haley Tam from Citi. Please go ahead. Your line will now open.*

Haley Tam: Good afternoon. Thank you very much for taking the time to do this presentation and allow us the opportunity to ask questions. Can I ask, too, about the cost savings, please. It seems to me that this is the main, one of the main drivers of the value that you're seeking to add. If we look at slide 13 and a big reduction in employees that you have suggested there, could you maybe give us some idea of whether this has been discussed with regulatory bodies or advisors who might sort of consider whether or not such a big reduction in compliance and legal staff, for example, is acceptable to them?

And I guess the second question is can I confirm that these cost reductions are actually net of any outsourcing costs that would come on naturally as the result of a move of so much stuff to other providers? Thank you.

Rudi Bohli: Yes, thank you. So, yes, especially on the regulatory and compliance side. We think you can a lot outsource. So we have, in particular for Luxembourg, we have a service partner who has a business that's in the same order of magnitude, they specialise in these types of services and the overall cost for these – it's regulatory risk, it's regulatory compliance functions is less than half a million a year. So we actually think you can save a lot of costs there.

And the other thing that should be mentioned, especially on the support staff, if you go to page number 13, so you have the total support staff. It's at 592 people. So that's a lot of [inaudible]. If you see in the appendix, it's broken down in more detail, and also on page 14, right. So, what you have to understand, this is after the outsourcing to State Street. So State Street is doing the full back office, with the exception of a few functions which we think you can still further outsource at very little additional cost.

So, if you look at the State Street contract, you have to assume that between 100 and 200 people are already outsourced. Next question, please.

Operator: *Thank you. We can now take our next question from Andreas Venditti from Vontobel. Please go ahead, your line is open.*

Andreas Venditti: Yes, hi. Most of my questions have been answered already, but maybe a question about where do you see the risks of such a big change in the company. Do you see risk of losing let's say clients or key staff? Thank you.

Rudi Bohli: Well maybe I have a first shot and then Kasia can share her experience. I think the risk is if we don't do anything, right. It's a platform that has a limited life shelf. Assets are going out and the industry is changing fast. The cost structure is bloated, in particular on the support side, so you need to do something.

Kasia Robinski: Yeah, and I think, I mean, it's very important if you're going to put in place a cost reduction and restructuring plan, to do it quickly. We have, we believe in motivating and rewarding those that can bring growth to the business. And the intention would be to act swiftly and then from a very efficient base to encourage and motivate those who remain and work with GAM to grow the business and bring, and increase its profitability. So, as Rudi says, the risk is not in acting, it's actually in not acting, and furthermore, in not acting quickly.

William Raynar: And may I complement in this one. At the moment, you have one front office person for two back office or support function. We are not touching at the front. On the contrary, the idea is possibly to strengthen it going forward. And, to my knowledge, clients, they care about what they're offered. The support is up to the company to handle properly. Do we want to take the next question?

Rudi Bohli: Next question, please.

Operator: *Thank you. We can now take our next question from Panagiotis Koffas from MainFirst. Please go ahead, your line is open*.

Panagiotis Koffas: Yes, hi. Thanks for the presentation. First, my first question is on the cost savings on the support functions and whether you could shed some light regarding slide 14 and, in particular, is there a specific case study to show us the underlying assumptions between 20 legal employees to three? And my second question would be what's your take regarding the product portfolio currently offered and when, where, in which areas you see opportunities for further growth going forwards?

Rudi Bohli: Okay, maybe I'll take the questions on lawyers, right. So most of the legal work on the funds I think has to be done in the jurisdictions of the funds anyway, right. So there is a certain duplication here and we want to exclude this duplication. So we want to just retain the lawyers to keep the corporate structure. And let me add on this, we have done a review by a top four global accounting firm as far as the structure is concerned. They proposed a much-simplified legal structure.

The current legal structure that GAM has is way too big for the size of the company and too complicated. So there is going to be a lot less work. That has further implications on finance, so you will need a lot less finance people, right. And then, I think, the other thing that jumps into the eyes on page 14 is 150 people in IT. I think that is a very mindboggling number, as I think mentioned previously. We think 20 people is more than sufficient. I think William is going to take the second part of the question.

William Raynar: Yes, I think there are a lot of alleys one could possibly envisage. One is that, as I mentioned in the webcast, GAM is an incredible name with an incredible brand, and it has a very big footprint and it is well recognised in the market. People remember the days where GAM was a major player and I think it has a platform to offer to a lot of people a lot of smart, up and coming alpha generators who lack distribution capabilities. And there typically GAM can partner with them and offer distribution capabilities that could be useful.

What I also indicated is I think that portfolios are more and more going to tend towards and 80–20 type of structure. What I mean by that is 80% passive, 20% active. On the active, we're going to go into more specialised, more alternative, more niche products. And, there again, due to its reach, due to its world coverage, GAM definitely has things to do. We all remember GAM for the emerging market products, for the fixed income products and GAM can branch out.

As mentioned in the webcast, there is a problem currently. Even the top performing funds do not manage to get sold and they don't have the market share they deserve. When you beat, in ten sectors, the market by approximately 9% on average and five out of those ten funds are below 100 million, there clearly is something that needs to be improved going forward.

Rudi Bohli: Next question, please.

Operator: *Thank you. We can now take our next question from Joshua Franklin from Reuters. Please go ahead, your line is open.*

Joshua Franklin: Good morning, I have a couple of questions. Sorry, excuse me, good afternoon even. A couple of questions from me. First is just what timeframe you're giving yourselves in order to try to achieve these changes and if there's any level of shareholder support that you're targeting? And second, if you can give us any details or even a name of this proposed CEO candidate that you have in mind. Thank you very much.

Rudi Bohli: Okay, on the name, it's a no, right. The person has a, has an ongoing work contract, so we cannot do that, I'm afraid. As far as the timeframe is concerned, I think the AGM is the timeframe we're looking at. If we don't get the support at the AGM for this plan, I think shareholders will have to look, to live with another plan.

Kasia Robinski: And assuming we get support, clearly it's something that we'd like to put in place thereafter.

Rudi Bohli: And quickly. Next question, please.

Operator: *Thank you. We can now take our next question from Kilian Kentrup from Entrepreneur Partners. Please go ahead, your line is open.*

Kilian Kentrup: Hi, thank you very much for taking my question. I have one regarding slide 14, if you go to slide 14, please. You mentioned that GAM employs about 60 people in group finance, which sounds like a very high number, a little army, to me. Can you elaborate on your assumptions how they could live with 20?

Rudi Bohli: Yeah, thank you for that question, Kilian. So, as I said, I think a simplification of the group structure, going to a branch network, and outsourcing certain services, I think 20 is actually going to be a very sufficient number if you think that the company has basically two large offices and the rest are smaller branch satellites.

Kilian Kentrup: Yeah.

Rudi Bohli: Next question, please.

Operator: *Thank you, we can now take our next question from Jan [inaudible] from Credit Suisse. Please go ahead, your line is open, Sir.*

Jan: Many thanks for the presentation. I have three questions, please. Again, returning to the question of implementation costs. Unless I have misunderstood something, you have not mentioned or not quantified it yet. Could you do that please? Second question, how do you regard the execution risk and the risk in attrition of portfolio managers associated with, let's say, moving offices to B or even C locations and reducing space to a very little 15 square metres per person, given the average is in the market like 20 or 22 per person.

Third question, on the distribution. I understand that the distribution is well in place, but when you say that GAM should focus more on these products, I understand this is rather a change in the strategic set-up, not so much in distribution. So my question here, would you consider new strategies to be launched? And, on that point, it takes like three years to build a track record, which is likely beyond your horizon. What's the strategy here?

Rudi Bohli: Okay, I'll take maybe the first one on implementation costs. I think it depends a bit of the contract of the individual people and how long they worked within the company. But overall, the cost, I think they will be very small compared to the savings. Offices, I think William has a –

William Raynar: Yes, on the offices, as I mentioned, to start with we weren't going to reduce from 20 square metres to 15 square metres. And on top of it, you've got to think in terms of duties, where a front office officer, investment officer, probably require more space. I wouldn't think support functions require as much space. But more generally, 26 million for a thousand people seems, as I mentioned, a very large number. Because, if you simply break it down and you break it down and if you consider 20 square metres per person, it's 1,300 Swiss francs per annum per square metre.

And this is like twice the price that you can find in Zurich at the moment and it's probably 1.7 times the price that you can find in London. And all the support functions do not need to be in prime locations. So that was - on the square metres, I hope I've clarified this.

Kasia Robinski: And this is exactly why, when we talked about our timings, we have people who will have a certain contracting place and we would expect the benefits, those would run until the point of, until the appropriate point. And that is why we would see the cost savings coming through in the following year. But, as Rudi said, the main bulk is we're talking people costs and we're also talking office costs and new leases.

We see no reason why portfolio managers, who we would intend to motivate and, in fact, most probably motivate to a greater extent than they currently are, those that will perform appropriately, we see no reason why those would feel that there is a risk associated with becoming a more efficient and lean organisation. The risk is there if you don't put that in place and fast.

Rudi Bohli: Just to finish up maybe on your question regarding distribution and new strategy. So, of course, I think we're going to launch new strategies, but first and foremost I think it's like put more emphasis on the great products that are on the shelf. And there are quite a few. So I think there is tremendous potential from within. Secondly, I think partner with other boutiques that have an outstanding track record but they don't have the brand and the global reach that, again, distribution has. So, and our time horizon might actually be well beyond the three years that we indicate. Next question, please.

Operator: *Thank you. We can now take our next question from Tom Mills from Credit Suisse. Please go ahead, your line is open.*

Tom Mills: Hello. Thank you for taking my question. A question about a bridge in prices since you started purchasing. And would you actually intend to sell your stock if you're not successful in getting board representation? And that's it, thanks.

Rudi Bohli: Okay, I guess that's a question to me. Okay, I think it's a good question, right, so I'll have to think about that. So the diplomatic answer is we'll probably have to evaluate all the options. But let's look at this, right. I think we've made a very clear case here for a cost savings programme and how to put the company forward. And I think we've made a very convincing case how the current CEO has not performed and has tried to disguise his results. So maybe I'll put that question back to you. Would you hold the stock if you believe that is true? Next question, please.

Operator: *Thank you, we can now take a follow-up question from Stefan Frischknecht from Reuters. Please go ahead, your line is open.*

Stefan Frischknecht: Yes, hi. I have a follow-on question and it's regarding your fourth point that you labelled 'CEO pay is completely detached from any performance measure.' Can you give us assurance that with the new candidate that you have in mind the overall pay that goes to management is going to be more reasonable? And I'm asking that question because I noted that in the annual report 2015, the variable pay to total management, the entire group management board, had been intended to be capped at 5% of the underlying pre-tax profit.

And looking at what has been paid out in terms of variable compensation in 2016, that number reached a stunning 9% of pre-tax underlying profit. And the previous cap of not exceeding the 5% that they put down in the 2015 annual report has been removed in the 2016 annual report so that I think it was actually possible to pay such a high share of underlying pre-tax profit as variable compensation to the management team. I think that is an important point that also needs remedy going forward.

Kasia Robinski: I mean, clearly that's a point of concern and that's one of the reasons that we've been in discussion with ISS and we would suggest that those who have a concern about this should also take the matter up with them. But in terms of compensation, as you know, we've suggested that the - we feel that the compensation committee membership needs to be altered and immediately so.

We have a view that clearly those that work within the organisation and can bring about improvements and growth should be remunerated appropriately. But this is – so when we talk about the remuneration packages, they need to be linked to performance. So when you made – your comments about CEO pay are important, but I think they are especially important in the context of declining profits and declining performance.

Stefan Frischknecht: Thank you.

Rudi Bohli: Next question, please.

Operator: *Thank you. We can now take our next question from Tomasz Grzelak from Baader Helvea. Please go ahead, your line is open, Sir.*

Tomasz Grzelak: Yes, thank you. Good afternoon, everyone. A couple of questions, especially on the State Street outsourcing contract. Could you please give us a bit more details what this contract encompasses in detail and what is your opinion about this contract? I mean, are you going to renegotiate it or cancel or find a cheaper provider now? It's not clear to me. And the second question I would have, this is actually regarding the expanses on market data. Do you have an idea of how those compare to tiers and I mean, the reduction that you target? It seems quite ambitious, going from 20 million to 3 million. I mean, how is this going to, to look like, detail post reduction per employee? What will be the package for the employees? Thank you.

Rudi Bohli: Okay, so maybe I'll take State Street and William is going to talk about market data. So if you look at let's say the annual 8-9 million in terms of costs for the State Street outsourcing, you have to assume that they have a large service centre, for example in Poland, so you can assume that there is maybe 150-200 employees working on this. We find this already a very large number given that you have 160 funds and the size of the funds, the strategies etc.

So overall we think it is a very expensive outsourcing contract. I think you can do that better. On the other hands, I think they, they perform these services at a much cheaper cost than what they have done internally so far. So what GAM has not done is they have not reduced alongside and resized the processes hand in hand with the outsourcing. So I think there is a number of things to do and I think we propose a pretty comprehensive package in our plan.

William Raynar: Yes, as I mentioned I think in the webcast, we probably don't always understand fully what is behind the numbers. When you see 20 million for data, market data, of course it includes the Bloomberg terminals, but it also includes index provider being allowed to use the indexes. But when we think about index provider, it is an extremely expensive cost when you are benchmarking, when you are a passive fund manager.

We believe it to be much reduced when you are an active manager. And this is the reason why we broke it down per front office employee. And we thought 20 million divided by 400 of them, giving 50,000 per head, was extremely high. As mentioned previously, a Bloomberg terminal, to our understanding and because we all practised it, you're going to, it's going to cost you about 24,000 a year.

So it seems that per front office employee, they are spending the equivalent of two Bloomberg terminals and, there again, we are a bit surprised by this number. But, as I said, there is certainly things that don't meet the eye and that are happening, like index providers. Next question, please.

Operator: *Thank you. We can now take our next question from Paul Ernoult from Reuters. Please go ahead, your line is open.*

Paul Ernoult: Hello and thank you for taking my question. Two, if I may. The first is could you elaborate a little bit more on how much you own in GAM at the current time? So how much shares do you control? And the second question is have you already ensured support from other, let's say, important or big shareholders for your plans? Thank you.

Rudi Bohli: Okay, so the ownership is between 3 and 5%, right. It's closer to 5 than 3. The second thing is, I think, we wanted to treat the shareholders equally, so we released this plan last night and we are discussing it today and we're starting our discussions also today and we are happy for everybody who wants to reach out to ask. And, at the same time, very important, I think, again, ISS, if you share our concerns, please share them with ISS, because you know that they have a big impact on the final outcome of, of any election.

Paul Ernoult: Thank you.

Operator: *Thank you. Thank you, we can take our final question now from Adam Terelak from Mediobanca. Please go ahead, your line is open.*

Adam Terelak: Hi, good afternoon, just a couple of questions from me. Firstly, on IT head count. I just want to know what your confidence is in developing or even adapting a system to allow you to bring down that head count to the 20 employees that you're guiding for. And then, secondly, kind of we've skirted around the question of how much it's going to cost to get rid of employees. I wondered how much it could cost to break some of the current leases that you're thinking of moving away from, thinking about offices and that. So they're my two questions. Thank you.

Rudi Bohli: Okay, so on the IT side, I think we want to keep this very simple. We're going to move to a system like Tradar that covers back office, portfolio management, rates and customer relationship management. So we think that's a pretty good system for, it's probably going to cover 90% of the requirements. And then, as far as the PC world is concerned, with server files, Office etc, that's the commodity today. And we think with 3,000 Swiss francs per employee per year, we've allocated enough money to that.

Tradar, I think, what we've seen is like 1-2 million in annual licence fees. We are facing $2 million in our plans. As far as the leases are concerned, I think the leases here in the UK, they're up in 2019.

They're below current market rates so it probably depends how much further the market is going to drop before the next market, but I think at current rates, you probably could get out fairly easily. In Zurich, the other big lease is in the Prime Tower. Our understanding is that's also 2019 and GAM is like a first-time tenant, so we think there they have some good terms.

Adam Terelak: Perfect. Thank you.

Operator: *Thank you. That will conclude our Q&A session today. I'll turn the call back over to the speakers for any additional or closing remarks.*

Rudi Bohli: Okay, well, thank you all for your interest and for joining here. If you have any further questions, please contact us at RBR or Kasia or William. I think we will be happy to answer all the questions that you have. And then show up at the AGM or vote in advance. And if you share the concerns, contact ISS. Thanks a lot.

Kasia Robinski: Thank you very much.

William Raynar: Thank you very much.

Operator: *Thank you. That will conclude today's conference call. Thank you for your participation, ladies and gentlemen. You may now disconnect.*

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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 EuroHedge and HFM Awards. We are proud of our long-term track record – but we remain hungry to perform.