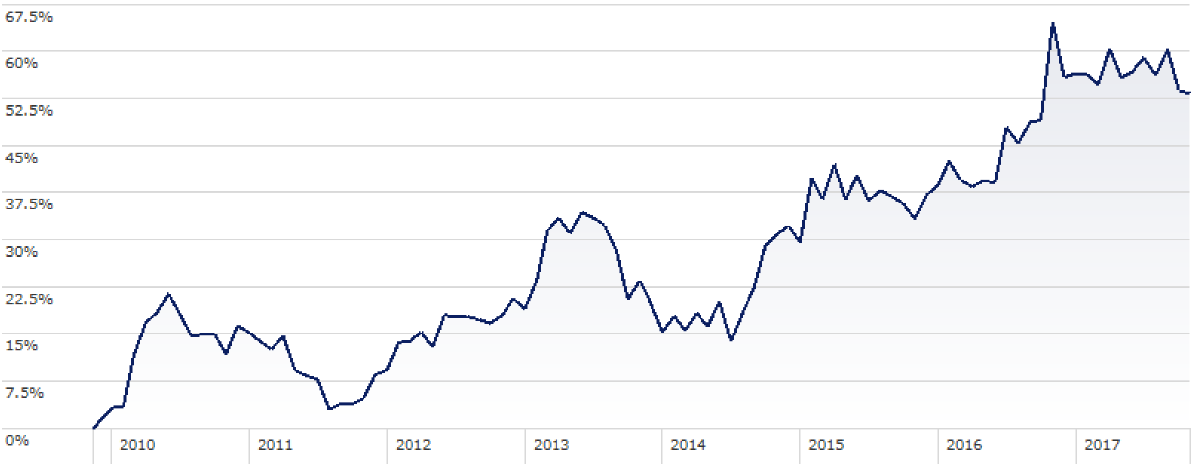
GAM Investments – Investment Conference November 2017

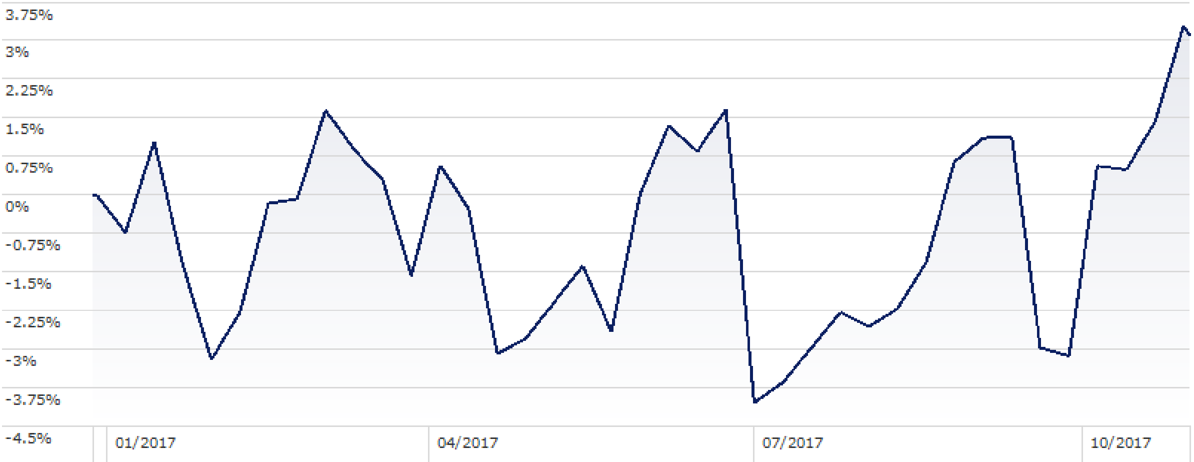
The aim of the Investment Conference was to cover three alternative investment strategies. The purpose of this paper is to provide a brief overview of the main discussion points.

The three strategies discussed were GAM Star Global Rates, GAM Systematic Alternative Risk Premia and GAM Systematic Core Macro.

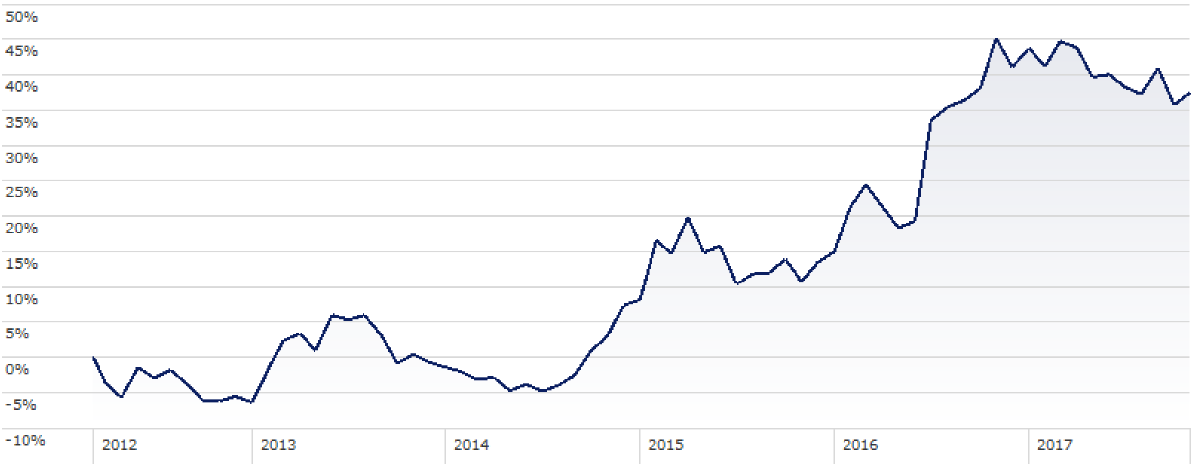
The charts below show the performance of each strategy using the oldest share class:



Investment Name	Value
GAM Star Global Rates USD Acc (Total Return, GBP, Pre-Tax)	53.36



Investment Name	Value
GAM Systematic Core Macro Instl USD Acc (Total Return, GBP, Pre-Tax)	3.11



Investment Name	Value
GAM Systematic Alt Rsk Pre Instl USD Acc (Total Return, GBP, Pre-Tax)	37.53

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

The strategies have been developed to provide alternative options for those looking at asset classes uncorrelated to equities and bonds. The first strategy we discussed was the **GAM Star Global Rates Strategy**.

We could only get performance going back to 2009, however the strategy was set up in 2004 by Adrian Owens and continues to be managed by him. The aim is to produce a simple strategy, investing in a range of government bonds and currencies. The managers seek to exploit inefficiencies within these markets.

They look across 10 to 12 developed economies and 10 to 15 emerging market economies to develop the portfolio of assets. The aim is to invest in liquid markets, and to target a return of 8 to 12% p.a. over a rolling 3 to 5-year period.

Within the asset class the team aims to use maximum flexibility, so currently they have 60% in fixed income but in the past, they have had 70% in currency. The main focus is on 6 -12-month time frames. Since 2004 the fund has returned 9.2% p.a. although I haven't been able verify this with the UK share classes.

The thesis behind investing is on the economic backdrop. They are looking at what is driving markets. They don't outsource economic views and all their time is about studying lead indicators to identify themes. They added that lead indicators vary across economies. The next stage is to find trades with embedded value. Once they have that they can build a portfolio of around 40 positions.

As an example of investments, they currently have a medium-term theme where they are short fixed income in the UK vs Canada.

The second strategy we discussed was the **GAM Core Macro Strategy.** This targets a return of 7% p.a. with volatility of 10 to 12%.

This is process-driven using scientific modelling. It harnesses the best people with skill sets in maths, statistics and sciences. The ultimate aim is to build and deliver a multi-strategy, multi-asset portfolio.

The fund doesn't rely on one return source, or market regime. It offers lower correlation to traditional investments like equities and bonds and therefore is aiming to be a blend within portfolios. Similar to the Global Rates Strategy its aim is to be highly liquid, so they can react quickly to events which are happening within the market.

New strategies are developed and rigorously tested using the scientific model they have developed before they are added to the portfolio. The argument being that this model is what makes this different in the market and also removes the danger of human error.

The strategy has delivered annual performance of 7% p.a. which is its target return.

The final strategy was the **GAM Systematic Alternative Risk Premia Strategy.** This is a bond replacement strategy and aims to be resilient whatever happens in the market. Volatility is targeted at 3 to 6% with the aim to deliver small positive numbers each year.

The strategy invests across different asset classes including fixed income, equities, currency, credit and commodities. It adopts a multi style approach including carry, value and momentum.

The key message from the team is that this is about preserving capital and although it can go down slightly in a month, the aim is to deliver positive returns each year. The target return is 4 -6% over cash over a rolling three-year period.

In summary, these are three alternative strategies which could be blended into a portfolio. Potential investors would need to do further due diligence into the funds, as this is purely a snapshot of what was said, and doesn’t delve into the nuts and bolts as to how these work and how they have delivered against their stated returns.

The source of information in this note has been provided by GAM and is correct as at November 2017. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.