

Fairness Opinion GAM

**Assessment of the financial adequacy of the public tender offer by
Liontrust Asset Management Plc for all publicly held registered shares of
GAM Holding AG**

Zurich, 12th of June 2023

Fairness Opinion GAM

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I Introduction

I.1 Background



GAM is an international, active asset management firm providing investment management solutions as well as fund management services and is listed on SIX Swiss Exchange

Liontrust offers 0.0589 of its ordinary shares for each GAM share

GAM Holding AG (“GAM” or “the company”) is an asset management firm offering investment management (including wealth management) and fund management services. Within these businesses, GAM provides active investment solution and fund management services to institutions, financial intermediaries, and private investors. The company’s asset classes include fixed income, equity, multi asset and alternatives.

The company is headquartered in Zurich, Switzerland. GAM is present in 14 countries around the globe and employs over 580 people¹. For the financial year (“FY”) 2022, the company’s assets under management (“AuM”) at group level amounted to CHF 85.4 billion (average AuM), generating a net loss of CHF 290.0 million, according to the consolidated income statement of GAM as of FY2022.

GAM was established as an independent entity in 2009 after Julius Baer Group Ltd (“Julius Baer”), a leading Swiss private bank, separated its private banking and active asset management business into two independently listed companies. Since 1st of October 2009, GAM’s shares have been listed separately on the SIX Swiss Exchange (“SIX”). As of 3rd of May 2023, GAM had a market capitalization of CHF 125.1 million². The share capital of GAM consists of 159’682’531 registered shares with a nominal value of CHF 0.05 each (“shares”).³

On 4th of May 2023, Liontrust Asset Management Plc (“Liontrust” or “the offeror”) announced that it has entered into a transaction agreement with GAM to acquire all publicly held registered shares of GAM through a voluntary public exchange offer (“the offer”) and published a pre-announcement of the offer. Liontrust offers 0.0589 of its ordinary shares for each GAM share (the “exchange ratio”).

Based on the volume-weighted average price over the last 60 trading days (“VWAP”) of Liontrust shares on the last trading day prior to the publication of the pre-announcement (GBP 10.19 as of 3rd of May 2023) and the average FX rate of 1.1197 over the last 60 trading days, the offered exchange ratio corresponds to an implicit price offered of CHF 0.6723 per GAM share.⁴

¹ Average personnel (FTEs) as of FY2022: 583, according to the 2022 annual report of GAM, page 210.

² Source: Refinitiv Eikon.

³ Source: GAM.

⁴ Source: Bloomberg.

1.2 Our mandate

The present Fairness Opinion provides an independent valuation analysis of GAM

IFBC is an independent advisor and does not receive any compensation depending on the result of the valuation analysis or the success of the transaction

The valuation date is 3rd of May 2023

IFBC AG (“IFBC”) was mandated on by the Board of Directors (“BoD”) of GAM to prepare an independent Fairness Opinion regarding the financial fairness of the implicit price offered.

This report was solely prepared to support the BoD of GAM in assessing the offer. It may be used only for the financial assessment of the offer by the BoD of GAM. The use for any purpose other than assessing the financial fairness of the offer is not permitted. In particular, the Fairness Opinion does not constitute a recommendation to the shareholders to accept or reject the offer.

IFBC issues this Fairness Opinion as an independent corporate finance advisor and receives common market fees for its services. IFBC does not receive any compensation that depends on the statements in this valuation report nor is IFBC entitled to receive a success fee, if the proposed transaction is completed. IFBC confirms that they are independent of all involved parties. IFBC is authorized to issue Fairness Opinions according to the applicable Art. 30 para. 6 of the takeover ordinance.

When preparing the Fairness Opinion, IFBC relied on the accuracy and completeness of the information received by the management of GAM. IFBC assumes that the information received has been prepared reasonably, reflecting the best and most current available estimates and good faith judgments of GAM’s management. IFBC’s responsibility is restricted to the careful and professional assessment and verification of the plausibility of the information and calculations provided. In providing this opinion, IFBC has not conducted an audit nor due diligence.

The results of our independent valuation analysis were presented to the BoD of GAM on 3rd of May 2023, in the evening before the pre-announcement of the offer by Liontrust on 4th of May 2023. The valuation is based on the business plan approved by the BoD on 3rd of March 2023. The management has confirmed that there have been no significant events or transactions since then and the release of the Fairness Opinion that would impact the business plan for FY2023 and beyond.

Both, the price of Liontrust’s share and the GBP/CHF exchange rate may change between the date of the pre-announcement and the effective exchange for GAM shares. These changes have an impact on the implicit price offered for each GAM share. However, this Fairness Opinion relates exclusively to the implicit price offered of CHF 0.6723 per GAM share as per the pre-announcement.

1.3 Our approach

The assessment of the financial fairness of the offer by Liontrust to the shareholders of GAM is based on valuation considerations of IFBC. These rely on the following analyses which are described in detail within this report:

- Analyses of the company's business, its products and services as well as the market environment
- Assessment of the board-approved business plan of GAM
- Company valuation and calculation of the value per share based on the following approaches:
 - Dividend discount model
 - Valuation based on trading multiples
 - Valuation based on transaction multiples
- Analysis of the share price of GAM and current target share prices published by analysts

The assessment of the financial fairness of Liontrust's offer to the shareholders of GAM does not consider tax, legal and other issues which are specific to each investor. Therefore, quantitative statements on the value of GAM in the context of this valuation report are only possible from the perspective of all shareholders. In accordance with best practice, the valuation analyses presented in this Fairness Opinion were performed on a stand-alone basis. Any possible benefits in connection with the exchange of GAM shares into Liontrust shares are not considered.

1.4 Sources

Among others, the valuation is based on the analysis of the following sources:

- Audited annual reports of GAM (consolidated)
- Business plan of GAM, which was approved by the BoD on 3rd of March 2023
- Capital market and financial data of selected comparable companies (source: Refinitiv Eikon)
- Data from comparable transactions, based on publicly available information (source: Refinitiv Eikon)
- Other publicly available information
- Management discussions

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2 Company and market description

2.1 Overview of GAM

GAM is a globally active Swiss asset management firm providing investment management solutions as well as fund management services

GAM is a Swiss asset management company headquartered in Zurich, Switzerland and was founded in 1983 by Gilbert de Botton. The company offers investment management (including wealth management) and fund management services. Within these businesses, GAM provides active investment solutions and fund management services to institutions, financial intermediaries, and private investors. The company's asset classes include fixed income, equity, multi asset and alternatives.

As of the 3rd of May 2023, significant investors with a stake of at least 3.0% each held a total of 43.7% of the company shares (based on market disclosure). Thereof, Silchester International Investors LLP held 15.0%, an investor group Bruellan / NewGAMe held 7.5%, Solas Capital Management LLC held 5.1%, Schroders Plc held 5.0%, Christopher Brown held 5.0% and Dimensional Holdings Inc. as well as Mario J. Gabelli held 3.0% each.⁵ The company had a market capitalization of CHF 125.1 million based on closing share price and CHF 107.0 million based on 60-day VWAP as of the 3rd of May 2023.⁶



GAM is headquartered in Zurich, Switzerland and is present in 14 countries



As of 31st of December 2022, GAM had CHF 85.4 billion average AuM



As of 3rd of May 2023, 43.7% of GAM was owned by investors with a stake of >3.0% each



As of 3rd of May 2023, the market capitalization amounted to CHF 125.1 million based on closing share price and CHF 107.0 million based on 60-day VWAP

⁵ Source: SIX.

⁶ Source: Refinitiv Eikon, SIX.

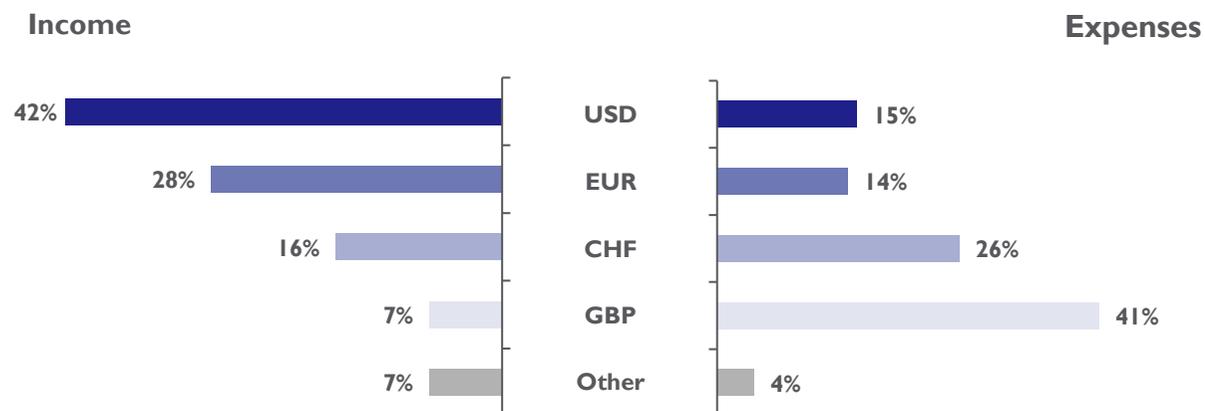
2.2 Business model of GAM

2.2.1 Overview

GAM has an international business model

GAM has established itself as an internationally active asset management firm, operating in 14 different countries in Europe, the United States, Asia, and Australia. While the income is mostly generated in USD and EUR (70% as of FY2022), most of the expenses are denominated in CHF and GBP (67% as of FY2022).

Income and expense split by currency, FY2022



Source: GAM annual report FY2022.

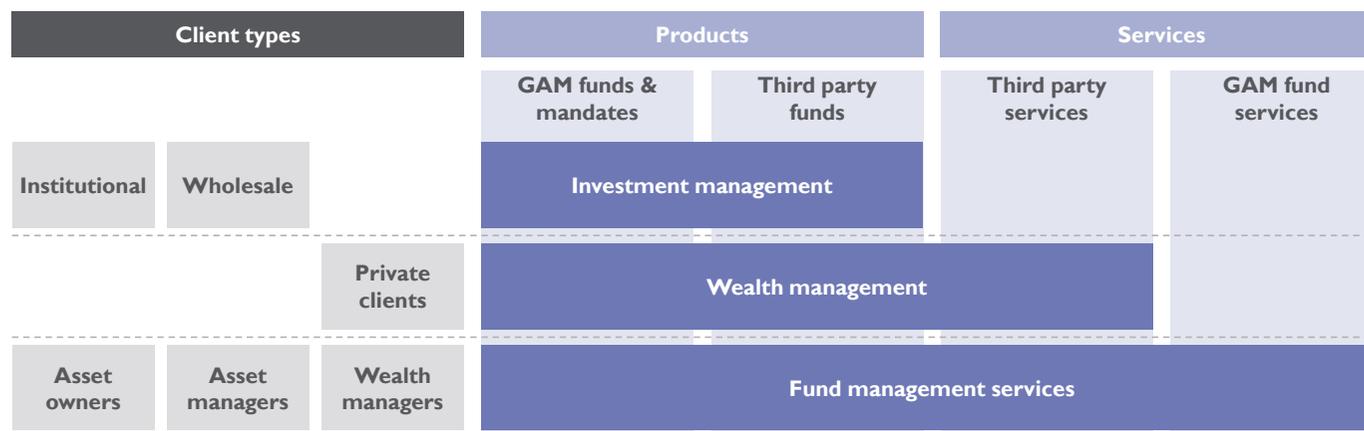
GAM is active in investment management and fund management services

Within investment management, GAM provides institutional and wholesale clients differentiated, actively managed investment strategies in the form of funds and mandates.

Solutions for private clients are provided within wealth management. In addition to funds and mandates, third-party services such as financial or tax planning are offered to this client segment. In the financial reporting of GAM and in the analyses shown in this report, wealth management is considered as a part of the investment management segment.

In fund management services (formerly known as private labelling), the day-to-day fund operations of over 40 clients such as banks or insurance companies are managed by GAM, ensuring that these clients can focus on their core competences in investment management.

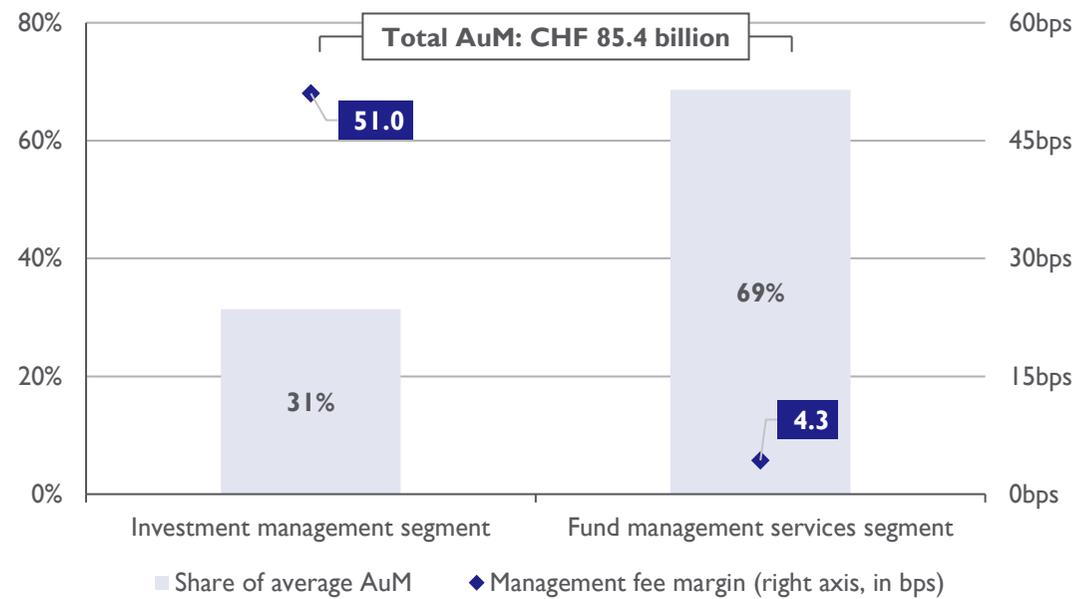
Illustration of the business model of GAM



Sources: IFBC, GAM annual report FY2022.

Together, investment and wealth management (investment management segment) account for CHF 26.8 billion (31%) of average AuM in FY2022. The management fee margin⁷ amounted to 51.0 basis points (“bps”). In the segment fund management services, CHF 58.6 billion (69%) of average AuM were managed in FY2022. The management fee margin of 4.3bps differs fundamentally from the margins which are earned within investment and wealth management, highlighting the fundamental differences between the business models of these segments. While investment and wealth management offer tailored solutions at higher margins, the fund management services segment relies on the scalability of its offering. The following sections further highlight the differences between the investment and fund management services segments.

Share of average AuM and management fee margins, FY2022



Source: GAM annual report FY2022.

⁷ Net management fees and commissions / average AuM.

2.2.2 Investment management segment

Overview

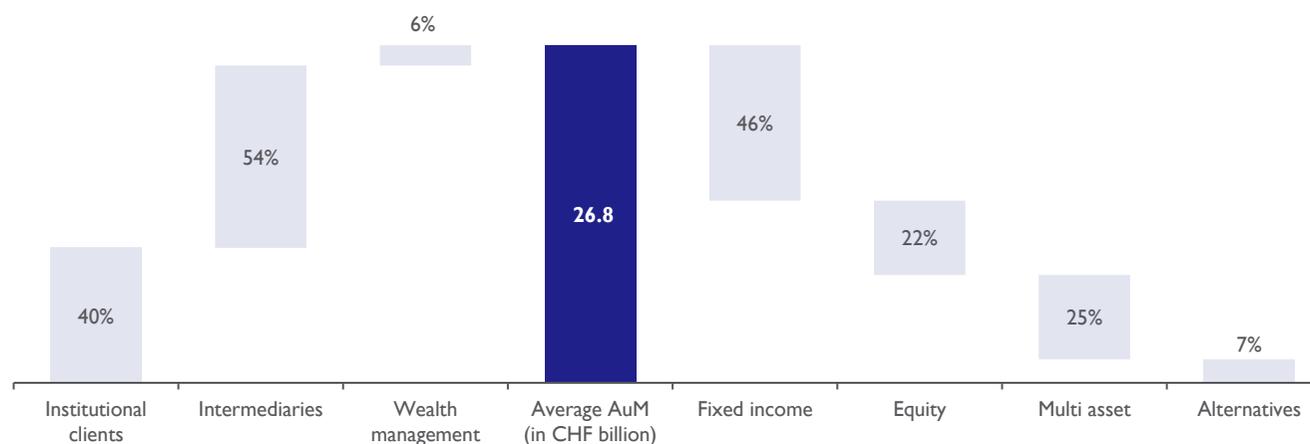
In the investment management segment, GAM offers a range of funds and mandates across different asset classes, markets, and strategies. By the end of FY2022, 98 in-house investment professionals in the investment centers in Zurich, Milan, London, Cambridge, New York, and Hong Kong were actively investing and managing CHF 26.8 billion of average AuM.

GAM distinguishes its investment management clients between financial intermediaries, institutional clients, and wealth management clients. The offered products are divided into the following asset classes: fixed income, equity, multi asset and alternatives.

For its wealth management clients, GAM offers investment solutions aligned with the above-listed asset classes. In addition, services, such as financial planning, legal and tax advice as well as lending, are offered through a network of external, independent service providers. In FY2022, 6% of the average AuM of the investment management segment was attributable to wealth management clients.

Average AuM in the investment management segment by client segment and by asset class

Average AuM in the investment management segment by client segment and by asset class, FY2022⁹



Source: Management information from GAM.

⁹ In GAM's annual report FY2022 on p. 13, the split of the AuM in the investment management segment is presented based on closing AuM. Split by client segment: 42% institutional clients, 53% intermediaries, 5% wealth management; split by asset class: 44% fixed income, 21% equity, 28% multi asset, 7% alternatives.

For each asset class within the investment management segment, GAM offers selected funds with a variety of risk and return profiles to suit the individual investment goals of its clients. By the end of FY2022, the investment performance¹⁰ across all asset classes was 55%, measured over three years. The management fee margin across all asset classes amounted to an average of 51.0bps in FY2022.

Asset classes⁸

Fixed income

Of the total average AuM in the investment management segment in FY2022, 46% were invested in fixed income funds and mandates. The asset class contains specialist and emerging market products. The three-year investment performance of this asset class by the end of FY2022 amounted to 48%, i.e., around half of the AuM in fixed income products outperformed their respective benchmarks. The management fee margin of fixed income¹¹ by the end of FY2022 was 59bps.

Equity

GAM offers a wide range of actively managed thematic (e.g., luxury brands) and regional (e.g., European, Swiss, etc.) equity strategies. Around two thirds of the AuM in equity funds outperformed their benchmarks over a three-year horizon, resulting in an investment performance of 68%. The management fee margin achieved in equity was 67bps in FY2022.

Multi asset

The multi asset products follow individual strategic and tactical asset allocations across all asset classes. Within multi asset, a range of funds as well as bespoke client solutions are offered. The management fee margin of the multi asset class was 22bps by the end of FY2022, which is the lowest fee margin of all asset classes.

Alternatives

Within alternatives, GAM offers a diverse set of products ranging from commodity funds to fund of hedge fund solutions. The three-year investment performance amounted to 59% by the end of FY2022 and a management fee margin of 58bps was achieved within this asset class.

⁸ Information based on GAM annual report FY2022 and management information from GAM.

¹⁰ Percentage of AuM that outperformed their benchmark (excluding mandates and segregated accounts).

¹¹ Management fee margin of fixed income = net management fees and commissions of fixed income products / average AuM of fixed income products.

2.2.3 Fund management services segment

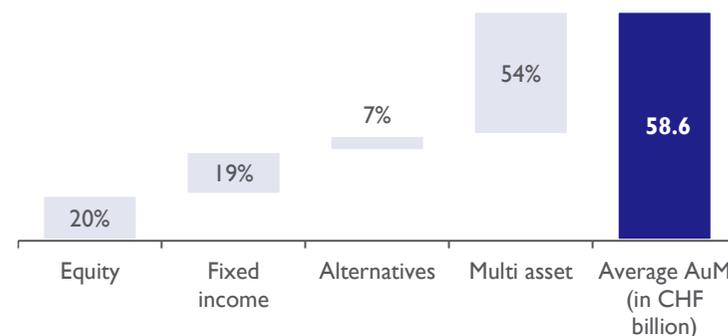
Overview

The fund management services segment, previously known as private labelling, accounts for 69% (CHF 58.6 billion) of the company's average AuM. With a management fee margin of 4.3bps, this segment accounts for 15.6% of GAM's total net management fees and commissions in FY2022. Within the fund management services segment, GAM supports clients such as banks, insurances, independent asset managers, and institutional investors in the day-to-day management of fund operations. This enables the clients to focus on fund distribution and investment management, while GAM efficiently manages the fund operations. Servicing more than 140 third-party funds and 44 clients as of FY2022, GAM is one of the largest providers of such services in Europe. The services are offered internationally, being operated from Switzerland, Luxembourg, Ireland, and Italy.

Asset classes

The CHF 58.6 billion average AuM within the funds management services are mainly allocated in multi asset (54%). Equity accounts for 20% of average AuM and fixed income for 19%. The smallest amount of average AuM is in alternative investments (7%).

Average AuM in the fund management services segment by asset class, FY2022¹²



Source: Management information from GAM.

Services offered

Within the fund management services segment, GAM offers the following services:

Management company services

GAM provides a variety of services within this segment, ranging from risk management and investment controlling to reporting (e.g., regulatory, tax, etc.) and compliance oversight.

¹² In GAM's annual report FY2022 on p. 13, the split of the AuM in the fund management services segment is presented based on closing AuM. Split by asset class based on closing AuM: 21% equity, 17% fixed income, 55% multi asset, 7% alternatives.

Fund engineering services

The fund engineering services include the setup of the legal and tax structure, the definition and operational setup of the fund structure as well as the processes, reports, and the project and life cycle management of funds.

Distribution and marketing services

GAM offers clients assistance in distributing their funds, including advisory on the distribution strategy and its implementation. Additionally, GAM supports clients in the fund registration process as well as the preparation of marketing materials such as factsheets and ESG reporting.

Investment management services

Besides proxy voting, clients can profit from GAM's investment management capabilities with services such as currency hedging, rebalancing and execution of asset allocations, implementation of derivative-based strategies, or the full investment management by GAM.

Custody, fund administration and transfer agency

GAM outsources custody functions for its own funds as well as fund management service funds. This ensures that GAM's clients gain access to world-leading custodians. Through internal controls and performance monitoring, the delegated functions are supervised, and risks are mitigated by GAM.

2.3 Historical financials of GAM

Historical key events

Among others, the development of GAM is characterized by the following key events:

- In 2009, Julius Baer, a leading Swiss private bank, separated its private banking and asset management businesses. GAM was re-established as an independent corporate entity, containing Julius Baer's former asset management division. Subsequently, both Julius Baer's and GAM's shares are individually listed at SIX.¹³
- GAM completed the acquisition of 75.95% of Arkos Capital SA on 31st of July 2012. Arkos Capital SA had CHF 729 million of AuM as of 30th of June 2012.¹⁴

¹³ Source: GAM press releases on 20th of May 2009 and 1st of October 2009.

¹⁴ Source: GAM press release on 2nd of August 2012.

- In 2016, GAM acquired Taube Hodson Stonex and Cantab Capital Partners LLP, which led to additional AuM of CHF 6.2 billion in total.¹⁵
- Following an internal investigation, an investment director was suspended in 2018 due to certain conduct issues. Subsequently, GAM had to liquidate several unconstrained / absolute return bond funds. As a result, total AuM in GAM's investment management segment in FY2018 decreased by over CHF 28 billion, of which CHF 11 billion were related to unconstrained / absolute return bond funds.¹⁶
- In January 2021, a major client of GAM's fund management services segment confirmed that it would transfer its accounts to another provider, causing an outflow of AuM of CHF 21.5 billion in the following months.¹⁷
- Shortly after, in March 2021, GAM announced the wind down of its GAM Greensill Supply Chain Finance fund due to the market developments and media coverage around supply chain finance and Greensill Capital. The wind down marked the end of GAM's business relationship with Greensill Capital dating back to 2016.¹⁸

Decline in AuM and management fee margin over the last five years

The average AuM of GAM decreased from CHF 152.8 billion in FY2018 to CHF 85.4 billion in FY2022, resulting in a compound annual growth rate ("CAGR") of -13.5%. The average AuM in the investment management segment continued to decline from CHF 75.2 billion in FY2018 to CHF 26.8 billion in FY2022, reducing the average AuM share of the high-margin segment to 31%. The average AuM of the fund management services segment increased in FY2019 and FY2020. It reached its highest level over the last five years of CHF 83.4 billion in FY2020, before declining to CHF 58.6 billion in FY2022.

Alongside the reduction in total average AuM, the management fee margins in both the investment management as well as the fund management services segment have declined over the last five years. The total fee and commission margin¹⁹ declined from 32.7bps in FY2018 to 19.3bps in FY2022.

¹⁵ Sources: GAM press releases on 16th of May 2016 and 29th of June 2016.

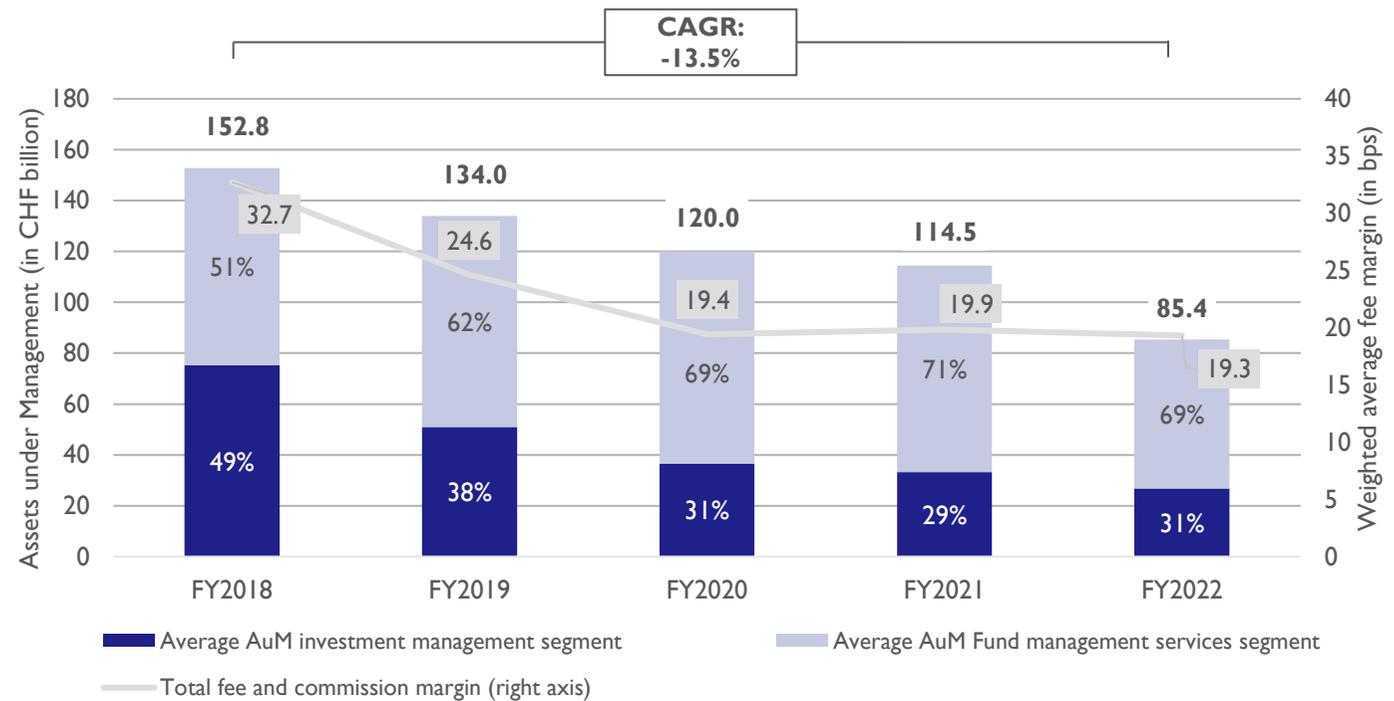
¹⁶ Sources: GAM press releases on 31st of July 2018, 28th of August 2018, and 21st of February 2019.

¹⁷ Source: GAM press release on 26th of January 2021.

¹⁸ Source: GAM press release on 2nd of March 2021.

¹⁹ Total fee and commission margin = Net fee and commission income (incl. performance fees) / average AuM.

Historical development of average AuM and total fee and commission margin



Source: GAM annual report FY2022.

Negative operating margin

The operating margin is calculated as the net fee and commission income less expenses, divided by net fee and commission income. It represents the operating performance of GAM's business, excluding non-operating effects such as foreign exchange movements or hedging. The operating margin declined from 25.3% in FY2018 to -25.8% in FY2022, representing the lowest value over the last five years. Subsequently, the decline in AuM as well as margins could not be compensated by cost reductions, resulting in operating losses in the last three years.

Historical KPIs of GAM

Historical KPIs of GAM

Historical KPIs	FY2018	FY2019	FY2020	FY2021	FY2022
Average AuM investment management segment (in CHF billion) ¹⁾	75.2	51.0	36.6	33.3	26.8
Average AuM fund management services segment (in CHF billion)	77.6	83.0	83.4	81.2	58.6
Total AuM (in CHF billion)	152.8	134.0	120.0	114.5	85.4
<i>Growth rate</i>	<i>n/a</i>	<i>-12.3%</i>	<i>-10.4%</i>	<i>-4.6%</i>	<i>-25.4%</i>
Management fee margin investment management segment (in bps) ¹⁾	60.3	55.8	53.6	52.7	51.0
Management fee margin fund management services segment (in bps)	5.4	3.9	4.1	4.0	4.3
Total fee and commission margin (in bps)²⁾	32.7	24.6	19.4	19.9	19.3
Operating margin	25.3%	4.3%	-4.7%	-3.2%	-25.8%

1) Including wealth management.

2) Net fee and commission income (incl. performance fees) / average AuM.

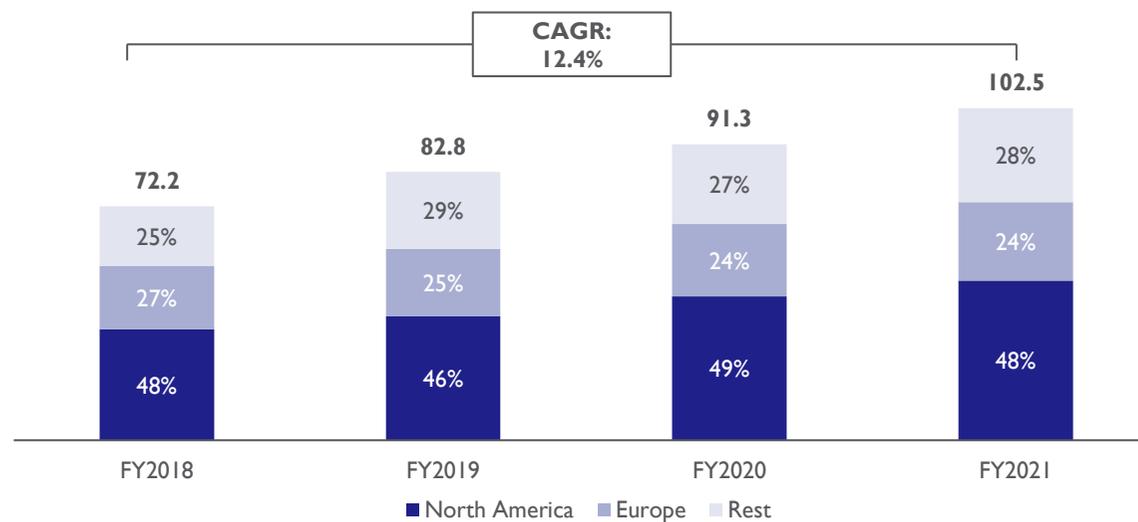
Source: GAM annual report FY2022.

2.4 Market overview

Overview of the global asset management market

From FY2018 to FY2021, the global asset management market grew from CHF 72.2 trillion to CHF 102.5 trillion in AuM at a CAGR of 12.4%. Of the CHF 102.5 trillion AuM in FY2021, 48% (CHF 49.3 trillion) were held in North America, whereas 24% (CHF 24.2 trillion) were managed in Europe. Over the last four years, the share of assets managed in Europe has decreased (27% to 24%), while the AuM in North America increased slightly (47% to 48%).^{20,21}

Development of global AuM (in CHF trillion) and geographical distribution of AuM in FY2021



Source: Boston Consulting Group.

²⁰ Source: Boston Consulting Group, Global asset management 2022 (2022), p. 4 & p.23.

²¹ Currency exchange rate CHF/USD as of 31st of December 2021.

Asset allocation in Switzerland

The allocation of the AuM of Swiss-based asset managers by the end of FY2021 was composed as follows:

- 31.2% of AuM were invested into equity.
- Bonds or fixed income accounted for 23.5% of the AuM of Swiss Asset Managers.
- 21.3% of AuM were invested in multi asset strategies.
- Real estate, money market and other assets made up 24.0%.²²

Asset allocation of Swiss-based asset managers, FY2021

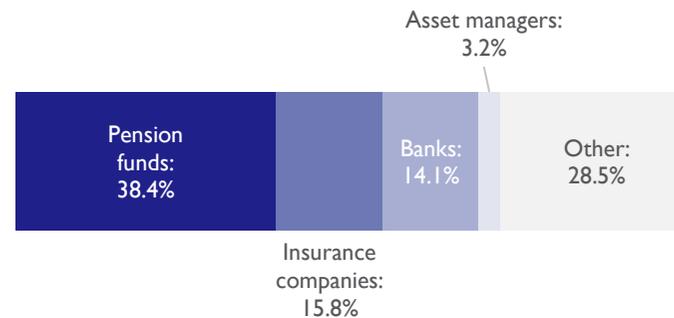


Sources: IFBC, Swiss Asset Management Study 2022.

Clients of the Swiss asset management industry

Within the asset management industry, there are two main types of clients: retail and institutional. Retail clients are mostly private investors. Institutional clients primarily include pension funds, insurance companies, banks, and other institutional clients such as asset managers, hedge funds, charities, and large corporations. The largest institutional client group in Switzerland are pension funds (38.4% of AuM).²³

Breakdown of institutional clients in Switzerland by AuM, FY2021



Sources: IFBC, Swiss Asset Management Study 2022.

²² Source: Asset Management Association, Swiss Asset Management Study 2022 (2022), p. 23.

²³ Source: Asset Management Association, Swiss Asset Management Study 2022 (2022), p. 23.

Growing share of retail clients

While institutional clients still account for the majority of AuM, global net flows by retail investors have been significantly higher than those of institutional clients in recent years. Especially in FY2020, households increased investments in capital market instruments due to the opportunities arising from the downturn of markets in the first quarter of the year.²⁴

Recent developments shift the asset management industry towards a more volatile environment and create new trends

The global asset management market is fundamentally influenced by global market sentiments. Global equity markets have reached record highs by the end of 2021, leading to an increase in assets under management and revenues. However, in 2022 the market sentiment started to change due to significant disruptions in global trade, an inflationary economy, retracting fiscal stimulus, and rising interest rates. The war in Ukraine further enhances these disruptions, causing major market insecurities and leading to a decrease in AuM within the industry. As the market environment becomes more turbulent, asset managers will need to face industry trends and adapt to client expectations to stay successful in the long run.²⁵ Some of the most important market drivers, presenting challenges as well as opportunities for the industry, are the following:

Technological advancements

Technological advancements

Technologies such as artificial intelligence, application programming interfaces, cloud technology and other data management capabilities, as well as virtual assets become increasingly accessible. This presents opportunities to digitize not only operations, but also distribution, client interactions, products, and services. Digital capabilities become increasingly crucial to implement cost optimizations and efficiency gains and to fulfill growing client expectations regarding transparency, mobility, and digital availability of products and services.²⁶ Cloud technology and data processing have already become important value drivers within the asset management industry and leading players are increasing their investments accordingly. In the future, the hyper-customization of products through direct indexing, the tokenization of assets or the digital connection of wallets to assets will become increasingly feasible through newly emerging technologies.²⁷

²⁴ Sources: Boston Consulting Group, Global asset management 2022 (2022), p. 23.; European Fund and Asset Management Association, An overview of the asset management industry (2022), p. 4 & p. 39.

²⁵ Sources: Asset Management Association Switzerland, Press release (February 2022).; Boston Consulting Group, Global asset management 2022 (2022), p. 5f & p. 13f.; Oliver Wyman, Asset management trends 2023, from website (10th of May 2023).

²⁶ Sources: Broadridge, 5 ways that technology is changing the fund industry, from website (8th of July 2022).; Broadridge, 5 changes and trends that asset managers can't ignore, from website (8th of July 2022).; Oliver Wyman, Asset management trends 2023, from website (10th of May 2023).

²⁷ Sources: Boston Consulting Group, Global asset management 2022 (2022), p. 14.; European Fund and Asset Management Association, An overview of the asset management industry (2021), p. 10f.; ThoughtLab, Wealth and asset management 4.0 (2021), p. 12ff.

Impact investing and ESG

Impact investing and ESG

Impact investing is a key market driver as an increasing number of asset managers recognize its importance not only regarding client demand, but also against the background of increasing risks related to Environmental, Social, and Governance (“ESG”) aspects. Clients no longer exclusively value high returns but put more emphasis on the purpose and the achieved impact of their investments. This growing shift of assets towards ESG investments creates opportunities as well as risks for asset managers in terms of asset flows. Moreover, the introduction of global sustainability objectives and regulations, such as achieving net-zero carbon emissions by 2050 or the sustainable finance disclosure regulation of the EU, put pressure on asset managers to act.²⁸

Shift towards passive investments and alternative assets

Shift towards passive investments and alternative assets

In recent years, a shift from actively to passively managed products could be observed in the asset management industry, allowing clients to capture market returns at a lower fee. Especially after the financial crisis in FY2008, passive investments experienced a significant growth, capturing a share of 23% of global AuM by FY2021.²⁹ In FY2021, alternative assets represented more than 40% of global asset management revenue, while only accounting for 20% of global AuM. Alternative assets have become increasingly popular since they provide the opportunity to achieve returns above those of publicly traded markets through illiquidity premiums. In the future, the revenue share of alternative assets is expected to grow even further. Especially among retail clients, a shift towards alternative asset classes can be observed. While large asset managers try to adjust their acquisition strategies accordingly, asset managers that are already specialized in alternative assets are expanding their access to retail clients.³⁰

Declining fees and increased transparency

Declining fees and increased transparency

An important driver of the pricing pressure on asset managers is the increasing regulation across different jurisdictions. Especially fiduciary rules mandating more fee transparency and scrutiny, as implemented in MiFID in the EU or within the US best interest rules, lead to more awareness of fee structures among clients and to adjustments in the pricing of asset management products and services. Furthermore, the shift towards passively managed products increases the pressure on prices, causing fee margins to decline across the industry.³¹

²⁸ Sources: Boston Consulting Group, Global asset management 2022 (2022), p. 19.; European Fund and Asset Management Association, An overview of the asset management industry (2022), p. 24ff.; Oliver Wyman, Asset management trends 2023, from website (10th of May 2023).; ThoughtLab, Wealth and asset management 4.0 (2021), p. 15.

²⁹ Sources: Boston Consulting Group, Global asset management 2022 (2022), p. 6ff.; ThoughtLab, Wealth and asset management 4.0 (2021), p. 18 & p. 23.

³⁰ Sources: Boston Consulting Group, Global asset management 2022 (2022), p. 18f.; ThoughtLab, Wealth and asset management 4.0 (2021), p. 18.

³¹ Source: ThoughtLab, Wealth and asset management 4.0 (2021), p. 23f.

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3 Valuation analysis

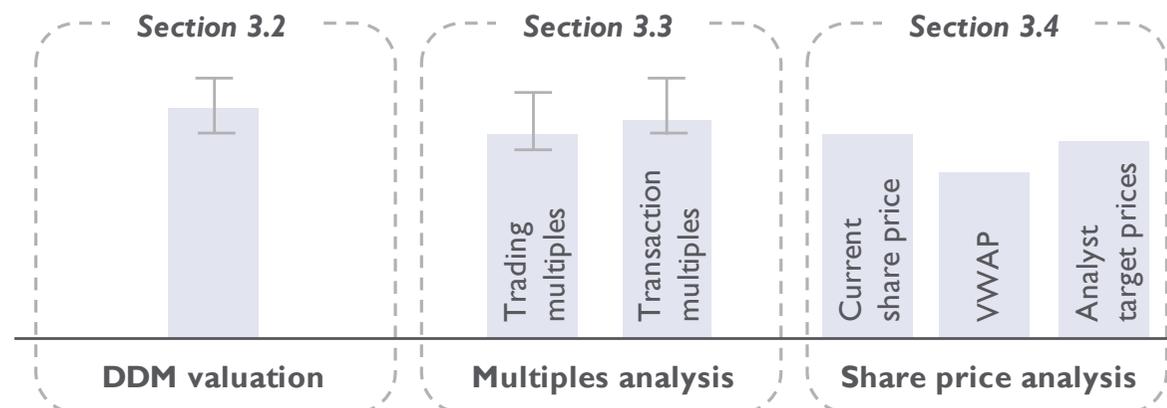
3.1 Valuation approach

According to best practice, we focus on the DDM approach to value GAM. In addition, we apply trading and transaction multiples and consider the results of a share price analysis

We value GAM on a stand-alone basis and apply different valuation approaches to assess the fairness of the offer made by Liontrust from a financial point of view. The value per share of GAM is calculated as of the relevant valuation date of 3rd of May 2023.

The dividend discount model (“DDM”) plays a crucial role in our valuation considerations as it enables us to account for the unique circumstances of GAM, making it the most reliable valuation approach. The DDM valuation approach is best practice to value financial services companies, including asset management firms.³² The valuation considerations are supplemented using market-based methods derived from the valuations of peer companies (trading multiples) and prices paid in comparable transactions (transaction multiples). Additionally, an analysis of the share price is performed. The share price analysis considers GAM’s share price, the 60-day VWAP of GAM’s shares and the target prices published by analysts.

Overview of our valuation approach



³² See, among others, R. Volkart & A. F. Wagner, Corporate Finance: Grundlagen von Finanzierungen und Investitionen (2018), p. 328ff; A. Damodaran, Investment Valuation (2002), p. 575ff.

3.2 Dividend discount model

3.2.1 Valuation approach and cost of equity

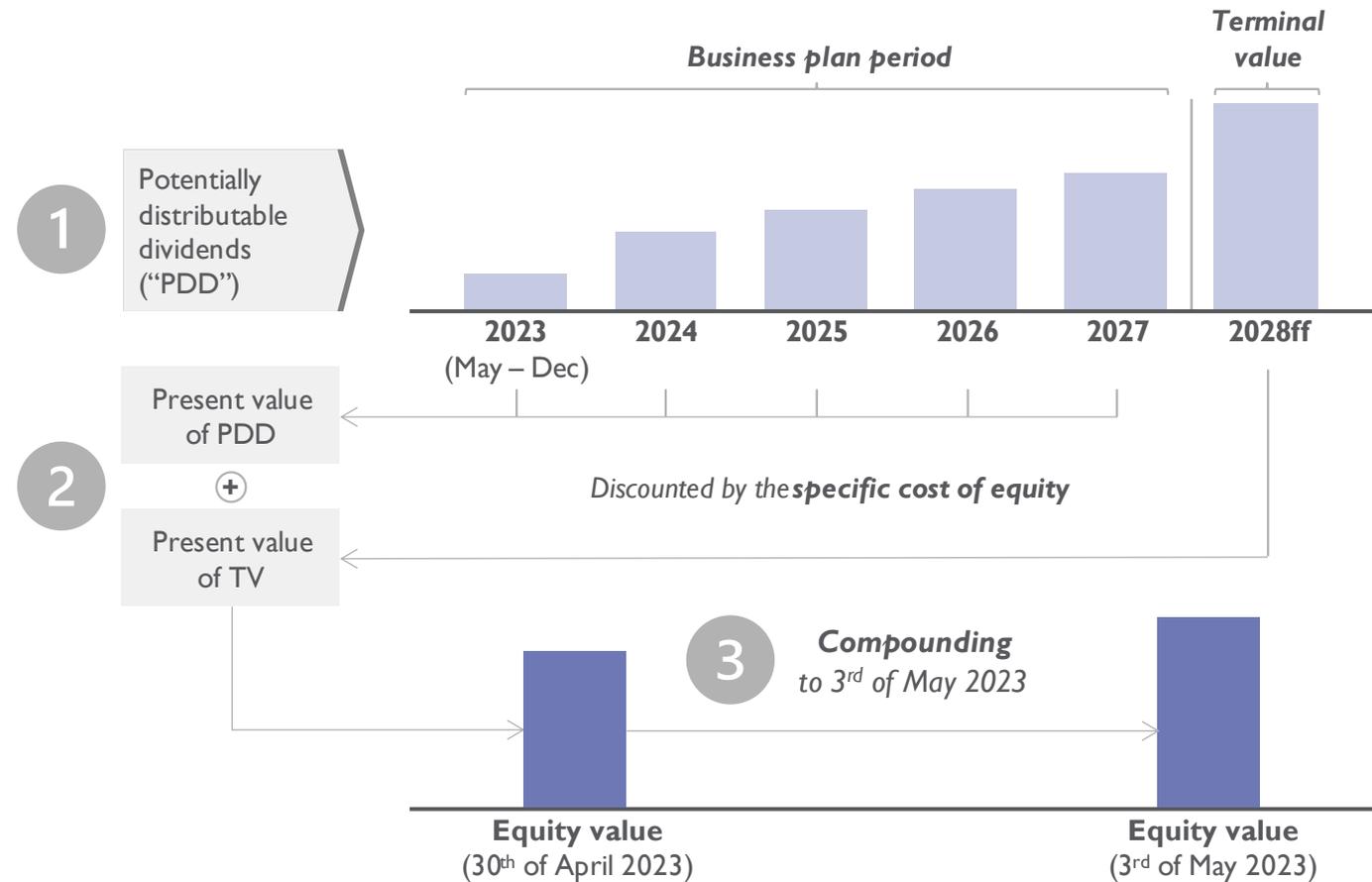
The applied DDM valuation approach is in line with corporate finance theory as well as best practice for the valuation of financial services companies. The cash flows which are estimated and valued in a DDM valuation are the potentially distributable dividends, which refer to the maximum possible dividend payout which does not violate liquidity or capital requirements. The equity value of a financial services company results by discounting the expected potentially distributable dividends with the cost of equity to the defined valuation date. Dividing the equity value by the relevant number of shares results in the value per share for the financial services company.

Determination of equity value

Based on the described valuation approach, the equity value as of 3rd of May 2023, the day before the pre-announcement, is determined as follows:

- 1 The expected potentially distributable dividends until FY2027 are determined based on the business plan provided by the management of GAM. To account for the time after the business plan period, the future value of the potentially distributable dividends after FY2027 is calculated (“terminal value”, “TV”).
- 2 The expected potentially distributable dividends over the business plan period and the terminal value are then discounted to 30th of April 2023 by applying the specific cost of equity for GAM. This results in the equity value as of 30th of April 2023.
- 3 The resulting equity value as of 30th of April 2023 is compounded to the relevant valuation date and then divided by the number of shares outstanding to determine the value per share of GAM as of 3rd of May 2023.

The illustration below summarizes the determination of the equity value of GAM as of 3rd of May 2023:



The resulting equity value is divided by the number of shares outstanding to calculate the value per share of GAM as of 3rd of May 2023.

Determination of the cost of equity of GAM

The illustration below summarizes the determination of the cost of equity of GAM:

Determination of the cost of equity of GAM as of 30th of April 2023:³³



³³ For further details see appendix (section 5.1).

3.2.2 Business plan

Our estimates are based on the business plan approved by the BoD of GAM

The expected potentially distributable dividends for FY2023 to FY2027 are based the business plan approved by GAM's BoD on 3rd of March 2023. The assumptions regarding sustainable values build the basis for the calculation of the terminal value and were confirmed by the management of GAM. The average values of the assumptions regarding the key value drivers are shown in the table below:

Overview of key assumptions in the business plan period and terminal value

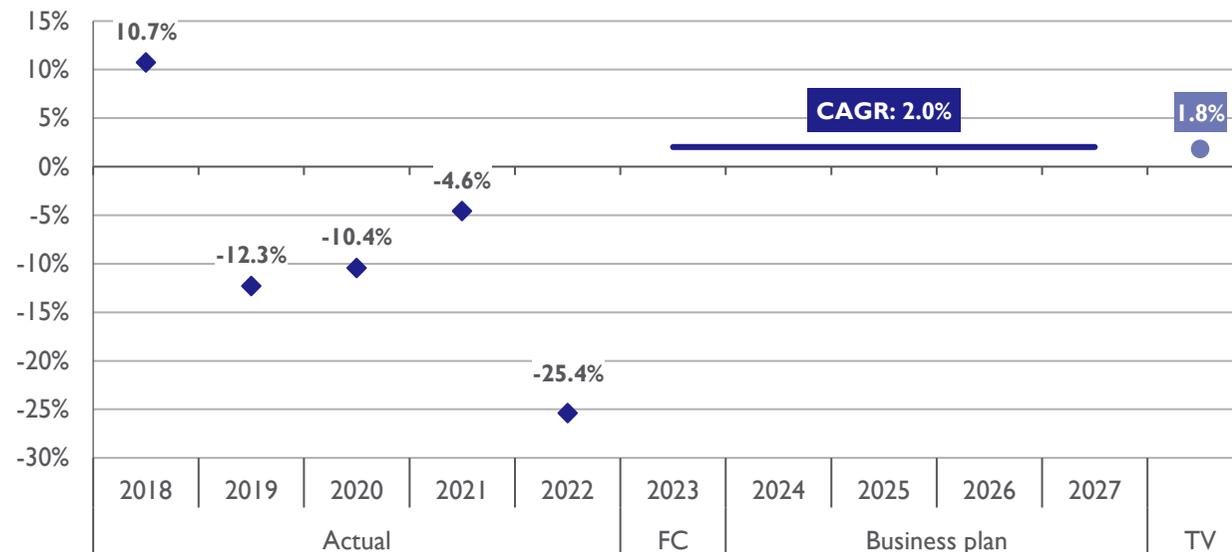
Key assumptions in the business plan period and the terminal value	FY2018 - FY 2022	FY2023 - FY2027	Terminal value
AuM growth (CAGR, average AuM)	-13.5%	2.0%	1.8%
Average total fee and commission margin (bps)	23.2	24.0	26.1
Average operating margin	-0.8%	-3.2%	15.5%

Sources: Annual reports and management information from GAM, IFBC analysis.

We assessed and cross-checked the information and assumptions made by GAM's management from an independent point of view. No peer comparison is made, as the business plan represents a turnaround case, i.e., the business plan aims to reverse the current negative trends and to regain stable operating results by the end of the business plan period. The values of the key assumptions are therefore not comparable to analysts' expectations for other asset managers, which are not in a turnaround situation. The most important assumptions are described in more detail below:

Assumptions regarding AuM growth

Historical and expected growth rates for GAM's average AuM



Sources: Annual reports and management information from GAM.

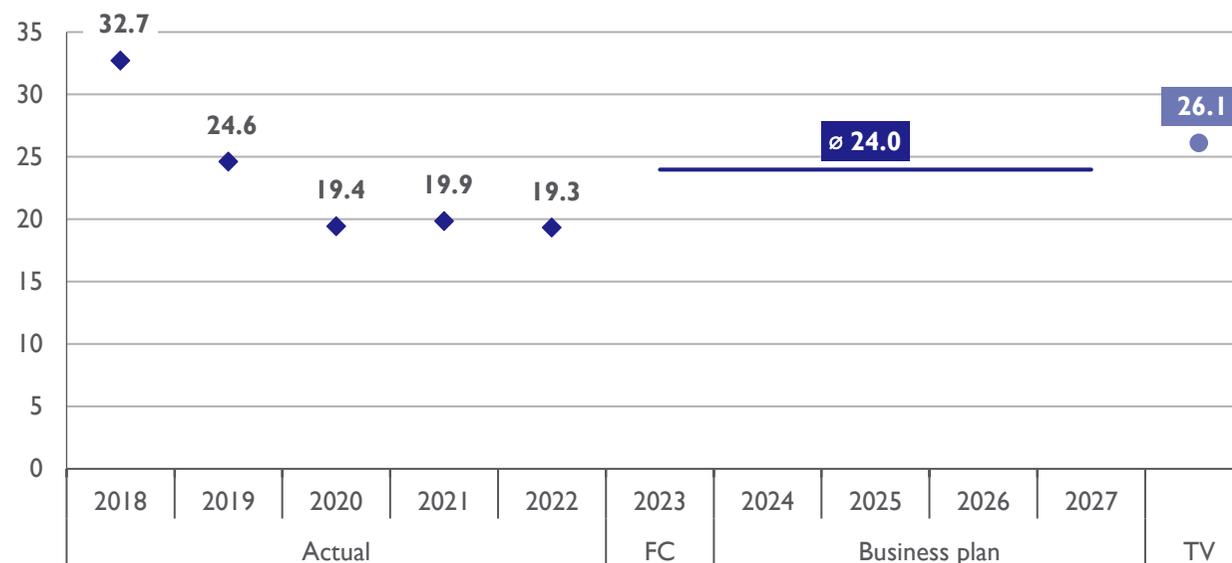
Following the suspension of an investment director in 2018, the AuM of GAM declined significantly over the following years. A recovery was impeded by the impacts of Covid-19 on markets, GAM's wind-down of its Greensill supply chain finance fund leading to further outflows (see also section 2.3), and the market impacts of the Ukraine war. The management of GAM assumes that this trend can be reversed during the business plan period and that positive AuM growth rates will be achieved again. On average, a CAGR of 2.0% is expected over the business plan period.

The growth of average AuM considered in the calculation of the terminal value corresponds to the currency weighted long-term inflation expectations³⁴.

³⁴ Calculation based on sustainable income and expenses split. Source: International Monetary Fund, World Economic Outlook, April 2023.

Assumptions regarding total fee and commission margin

Historical and expected total fee and commission margin (bps)



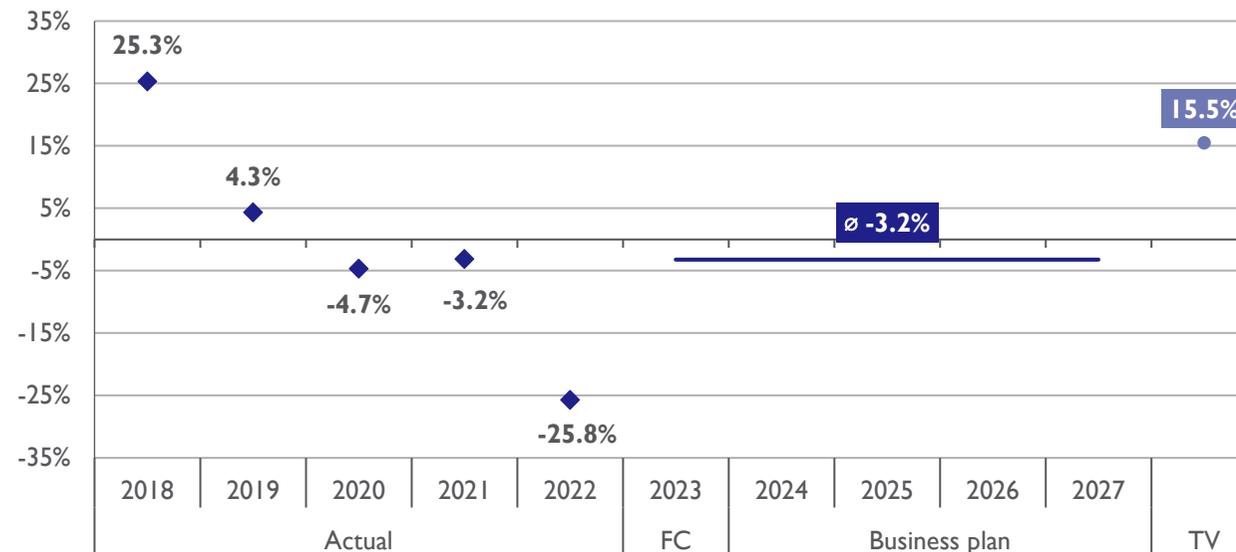
Sources: Annual reports and management information from GAM.

Alongside the decline in AuM, the total fee and commission margin has been declining since 2018. GAM's management assumes a recovery of the total fee and commission margin over the business plan period. The average expected total fee and commission margin from FY2023 to FY2027 is 24.0bps. The average total fee and commission margins are therefore expected to be lower than the levels observed in FY2019 and significantly below the levels which were achieved before the suspension of the investment director in FY2018.

After FY2027, management estimates a sustainable total fee and commission margin of 26.1bps. This expectation is based on a shift in the product mix towards higher margin products within the investment management segment, according to the management of GAM. However, the sustainable total fee and commission margin is assumed to be below the historical levels observed in FY2018.

Assumptions regarding operating margin

Historical and expected operating margin



Sources: Annual reports and management information from GAM.

In recent years, the decline in AuM and total fee and commission income could not be compensated by a reduction in personnel and other expenses, leading to a negative operating margin from FY2020 onwards, with an all-time low of -25.8% in FY2022. GAM's management expects a recovery of the operating margin between FY2023 and FY2027. However, the operating margin is projected to be negative on average during the business plan period (-3.2%). According to the management of GAM, the improvement of the operating margin is driven by the recovery in fee income as well as efficiency gains, namely by leveraging the new operating platform which is being implemented.

GAM's management assumes that a sustainable operating margin of 15.5% can be achieved in the long-term. The sustainable operating margin is expected to be significantly above the average operating margin of -3.2% assumed over the business plan period. The prerequisite for this is the successful realization of the turnaround.

Taxes

Based on management estimates, a sustainable tax rate of 25.0% is applied after the business plan period.

Determination of the expected potentially distributable dividends

The expected potentially distributable dividends are determined based on the cash and capital position of GAM during the business plan period and beyond. Regulatory requirements as well as internal targets regarding liquidity and capital are defined as thresholds, which must be met before a dividend can be paid out:

- Regarding the cash position, the sum of regulatory liquidity requirements and internal cash targets defines the minimum cash amount which must be available at any time. Only liquidity exceeding this target can be distributed.
- The internal group capital requirements, which exceed the regulatory capital requirements of GAM, must be met for GAM to be able to distribute an expected potential dividend in the DDM valuation.

As described above, the present business plan represents a turnaround case. If the turnaround can be successfully realized, potentially distributable dividends will again result after the detailed planning period. The sustainable potentially distributable dividend is determined based on a payout ratio³⁵, which takes the terminal growth of GAM's group capital requirements into account, i.e., a part of the generated net income must be retained to comply with the growing internal group capital requirement. Due to the group capital requirements, the sustainable payout ratio is reached by FY2033. We therefore apply a two-stage terminal value model, which considers an average payout ratio of 83.7% between FY2028 and FY2032 and a sustainable payout ratio of 95.1% afterwards.

Determination of the equity value

Discounting the expected potentially distributable dividends over the business plan period as well as the terminal value with the cost of equity of 15.00%³⁶ results in an equity value of CHF 100.7 million as of 30th of April 2023. The equity value of GAM is compounded to the valuation date. This results in an equity value of CHF 100.8 million as of 3rd of May 2023.

³⁵ Payout ratio = distributable dividend / net income.

³⁶ See Appendix 5.1 for detailed information on the calculation of the cost of equity.

Determination of GAM's equity value as of 3rd of May 2023 (in CHF million)



Source: IFBC.

Calculation of value per share in CHF

As of 3rd of May 2023, a total of 159'682'531 GAM shares have been issued. According to the management of GAM, the treasury shares (476'093 held by GAM and 900'856 held by the Employee Benefit Trust³⁷) will be utilized for share-based payments and will eventually become part of the free float of the shares of GAM. Therefore, the number of treasury shares is not deducted from the number of shares issued. Additionally, outstanding share scheme obligations will be serviced from existing shares, i.e., no capital increase is planned to fulfill such obligations. We therefore consider all 159'682'531 registered shares which are issued as of 3rd of May 2023 in our valuation. Dividing the equity value as of 3rd of May 2023 by this number of shares results in a value per share of CHF 0.63.

³⁷ Source: Management of GAM.

Sensitivity analyses

Sensitivity analyses with respect to the value per share of GAM as of 3rd of May 2023 (in CHF)

		Cost of equity				
		15.50%	15.25%	15.00%	14.75%	14.50%
Total fee and commission margin (bps)	28bps	0.65	0.67	0.69	0.71	0.73
	27bps	0.62	0.64	0.66	0.68	0.70
	26bps	0.59	0.61	0.63	0.65	0.67
	25bps	0.57	0.58	0.60	0.62	0.64
	24bps	0.54	0.55	0.57	0.59	0.61
		Cost of equity				
		15.50%	15.25%	15.00%	14.75%	14.50%
Sustainable operating margin	16.5%	0.64	0.66	0.68	0.70	0.72
	16.0%	0.62	0.64	0.66	0.68	0.70
	15.5%	0.59	0.61	0.63	0.65	0.67
	15.0%	0.57	0.59	0.61	0.63	0.65
	14.5%	0.55	0.56	0.58	0.60	0.62

Source: IFBC.

In the sensitivity analyses, the effect of changes in the total fee and commission margin, the sustainable operating margin, and the cost of equity on the value per share of GAM are analyzed.

A change in the cost of equity of ± 50 bps and a change of the total fee and commission margin in the terminal value by ± 2 bps results in a value range between CHF 0.54 and CHF 0.73.

A change of ± 50 bps in the cost of equity and a change of the sustainable operating margin of ± 100 bps results in a range for the value per share of GAM between CHF 0.55 and CHF 0.72.

Summary

- The DDM valuation approach to determine the equity value is recognized best practice to value financial services firms. Especially in the present case, where the company is undergoing a turnaround, the DDM valuation approach is the most reliable valuation method since it considers the specific circumstances of the company.
- The assumptions regarding the determination of the expected potentially distributable dividends are based on the business plan approved by the BoD on 3rd of March 2023 and the related management information.
- A cost of equity of 15.00% is used in the valuation.
- The resulting value per share as of 3rd of May 2023 is CHF 0.63.
- The sensitivity analyses result in a value range per share from CHF 0.54 to CHF 0.73.

3.3 Multiples valuation

The valuations based on trading and transaction multiples are used to cross-check the value per share resulting from the DDM valuation.

Valuation based on trading multiples

For the trading multiples valuation, a peer group consisting of comparable listed companies was defined.³⁸ The ratio between market capitalization and AuM (“P/AuM multiple”) is the most established multiple to value asset management firms.³⁹ However, due to the business model of GAM, 69% of its average AuM is allocated in the fund management services segment, where a significantly low management fee margin of around 4bps is generated. The other asset managers in the peer group generate management fee margins which are more comparable to GAM’s investment management segment (51.0bps in FY2022). The application of a P/AuM multiple, which would be based on higher management fee margins, on the total AuM of GAM would therefore drastically overestimate the equity value of GAM. Due to a lack of comparability for the fund management services segment, a separate P/AuM multiple for the two business segments could not be derived. We therefore refrain from a valuation of GAM with a P/AuM multiple.

To account for the differences in management fee margins in the multiple analysis, GAM is valued based on a price/earnings multiple (“P/E multiple”, ratio between market capitalization and net income). Since GAM is currently loss-making, the application of a P/E multiple on current net income is not possible. However, the management of GAM has prepared a business plan which outlines a turnaround. Applying a P/E multiple will therefore only yield a useful result, if it is applied on the net income which is expected to be generated after the turnaround was successful. We therefore determine a sustainable P/E multiple based on the historical values of the peer group. The historical P/E multiples are derived based on the market capitalizations and net incomes of the peers at the end of the calendar years 2018 to 2022, as well as over the last twelve months (“LTM”) as of 30th of April 2023.

In the valuation based on trading multiples, relative differences in the implicit size premia are considered. The resulting sustainable and size-adjusted P/E multiple is applied on the net income, which GAM expects to achieve at the end of the business plan period (FY2027), resulting in an equity value for GAM as of December 2027.

This value is discounted at the cost of equity to derive the equity value of GAM as of 3rd of May 2023. The equity value is divided by the number of shares to arrive at the value per share. The valuation based on trading multiples

³⁸ See section 5.3 of the appendix for a detailed overview of the selected peer companies for the trading multiples analysis.

³⁹ See M. Bigelli & F. Manuzzi, The valuation of asset management firms. *Corporate Ownership & Control*, 16(4), 103-110 (2019).

results in a range for the value per share between CHF 0.62 and CHF 1.07 with a median value per share of CHF 0.77 as of 3rd of May 2023.

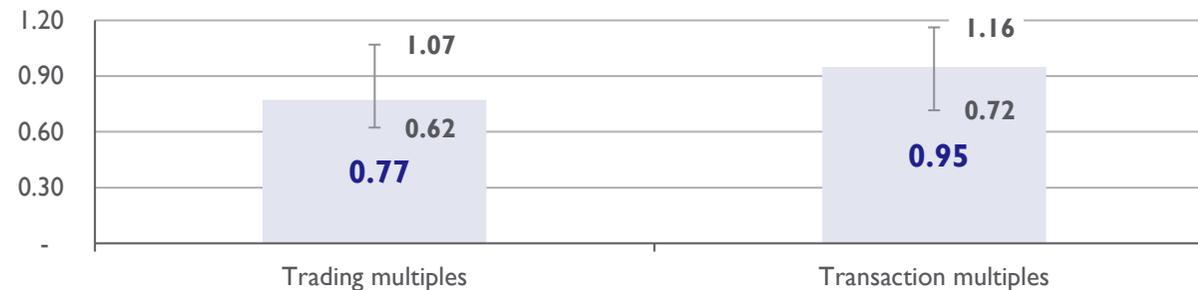
Valuation based on transaction multiples

As part of the analysis of transaction multiples, the equity value of GAM is determined based on comparable transactions of peer companies in western Europe and USA. In this context, corporate transactions between 1st of January 2014 and 30th of April 2023 were analyzed and the P/E multiples⁴⁰ of these comparable transactions were used to value GAM. The applied P/E multiples are adjusted for the relative differences in the implicit size premia, resulting in a size-adjusted transaction multiple.⁴¹

Analogous to the trading multiples, the transaction multiples are applied on the net income which GAM expects to achieve at the end of the business plan period (FY2027). After discounting the resulting equity value to the valuation date, the value per share is calculated using the same method outlined above for trading multiples. This results in a value per share of CHF 0.95 with a value range between CHF 0.72 and CHF 1.16.

Valuation results based on P/E multiples

Value per share of GAM as of 3rd of May 2023 according to multiple analyses (in CHF)



— Defined range corresponds to the interquartile range (25% quartile to 75% quartile).

Sources: Refinitiv Eikon, IFBC analysis.

Even though only peer companies operating in the asset management industry have been selected, the business models and individual situations of peer group companies can vary significantly. However, IFBC considers the significance of the results derived by trading and transaction multiples to be limited since they are unable to reflect the turnaround case of GAM appropriately. Therefore, the DDM valuation is the more reliable method to determine the value per share of GAM.

⁴⁰ Multiples derived by Refinitiv Eikon.

⁴¹ See section 5.4 for a detailed overview of the selected transactions.

Summary

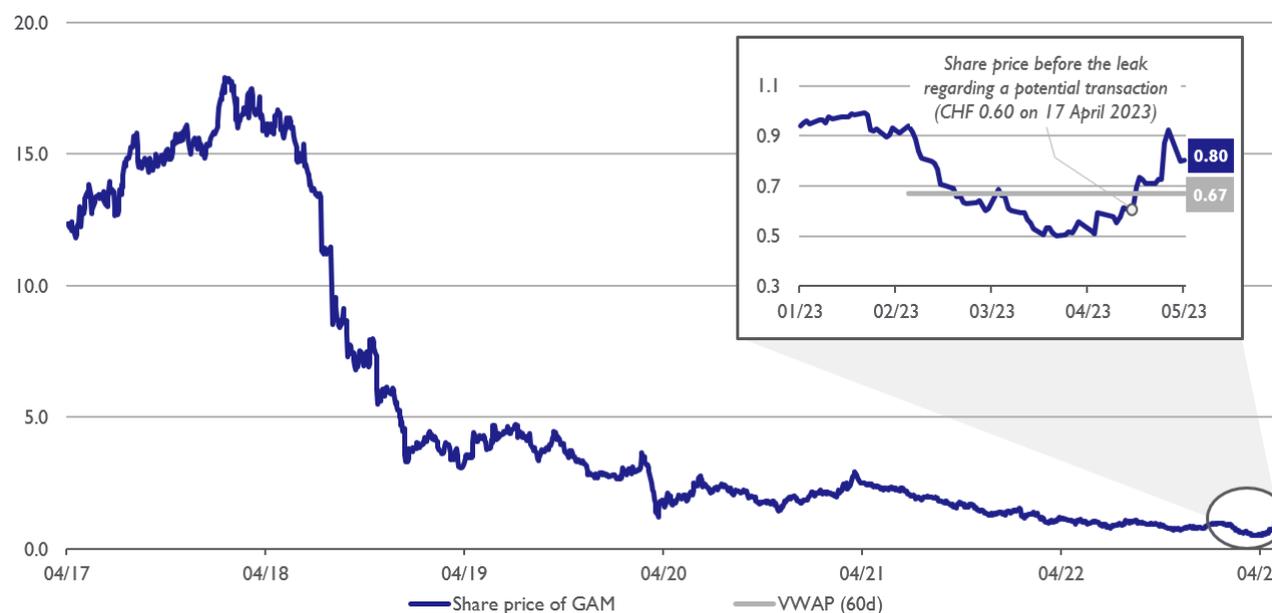
- Valuations based on trading and transaction multiples are performed to cross-check the DDM valuation.
- The valuation based on trading multiples results in an average value per share between CHF 0.62 and CHF 1.07 (median CHF 0.77).
- Applying transaction multiples results in a value per share of CHF 0.95 with a value range from CHF 0.72 to CHF 1.16.
- IFBC considers the significance of the multiples valuations to be limited as both the business models and GAM's unique situation facing a tense turnaround differ significantly compared to the peer group companies.

3.4 Share price analysis and analyst expectations

Development of the share price

Between April 2017 and 3rd of May 2023, the highest share price of CHF 17.92 was reached in January 2018. Following the suspension of an investment director, GAM's share price started to drop in FY2018 and has not recovered since. By the end of FY2019, GAM's shares traded at CHF 2.80 and dropped further during the market correction caused by COVID-19. The lowest share price in the period presented in the chart below was reached on 24th of March 2023 and was 97.2% lower (CHF 0.50) than the highest share price of the period. As a result of a leak regarding the potential transaction, there have been significant fluctuations in the share price of GAM in the second half of April 2023. The closing price of GAM's shares as of 17th of April 2023, the day before the leak regarding the potential transaction, was CHF 0.60 and increased to CHF 0.80 as of 3rd of May 2023. The VWAP over the last 60 trading days as of 3rd of May 2023 was CHF 0.67⁴².

GAM share price development since April 2017 (in CHF)



Source: Refinitiv Eikon.

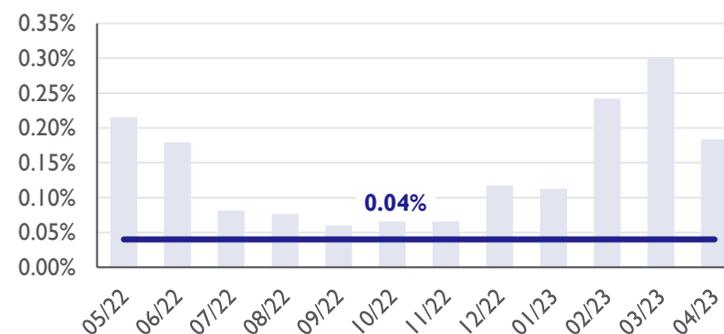
⁴² Source: SIX Swiss Exchange.

Liquidity analysis

Under current takeover law, shares of companies included in the Swiss Leader Index (“SLI”) are classified as liquid. Furthermore, securities that are not part of the SLI are classified as liquid “provided that the monthly median of the daily volume of a security relative to the free float has been at least 0.04% in 10 of the 12 months prior to the publication of the offer or the pre-announcement”.⁴³ Since GAM’s shares are not part of the SLI, the liquidity of the shares is assessed based on trading volume analysis.

As shown in the figure on the right, the median trading volume of GAM’s shares during the 12-month period prior to the publication of the offer is higher than the applicable threshold in all months. Consequently, the shares of GAM are considered liquid under Swiss takeover law. The share price of GAM is therefore a valid reference point for the assessment of the financial adequacy of the implicit price offered.

Monthly median values of the number of shares of GAM traded as percentage of free float



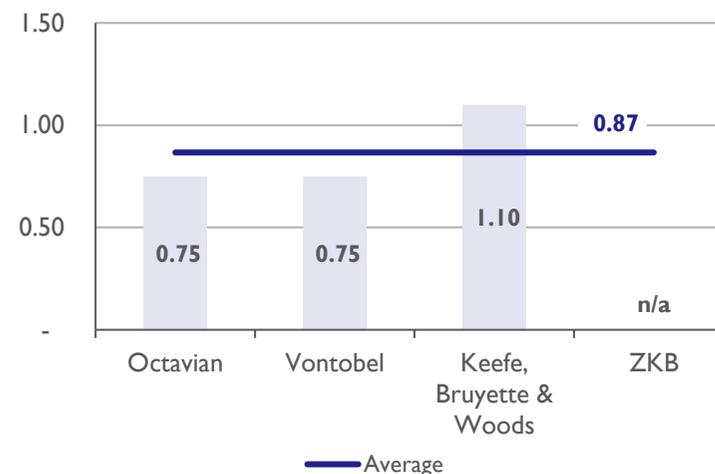
Source: Refinitiv Eikon, SIX, IFBC analysis.

⁴³ See Swiss Takeover Board: TOB Circular No. 2 on liquidity in the context of takeover law, 26 February 2010.

Analysts' target prices

Currently, 4 analysts cover GAM. The target prices were last updated between October 2022 and January 2023 and range from CHF 0.75 to CHF 1.10. The average target price is CHF 0.87. At CHF 0.6723, the offer is 22.4% below the average of the analysts' target prices. Since the analysts' target prices were determined prior to the publication of the FY2022 financial results, they do not reflect the full extent of the challenging situation faced by GAM. The analysts' target prices are therefore not a reliable estimator for the value per share of GAM as of 3rd of May 2023.

Analysts' target prices per share (in CHF)



Sources: Analyst reports.⁴⁴

Summary

- In accordance with the requirements of the applicable Swiss takeover law, GAM's shares are liquid. Therefore, the share price is considered in the Fairness Opinion to assess the financial adequacy of the offer.
- On the last trading day prior to the announcement of a possible takeover by the offeror (3rd of May 2023), GAM's share price closed at CHF 0.80. The VWAP was CHF 0.67 on this day and corresponds to the implicit price offered.
- The implicit price offered is below the share price of GAM as of 3rd of May 2023 but above the share price as of 17th of April 2023, the day before the leak regarding a potential transaction.
- The analysts' target prices range between CHF 0.75 and CHF 1.10 with an average value of CHF 0.87 per share. However, the most recent of these target prices was published in January 2023. Therefore, the analysts' target prices don't reflect GAM's current tense turnaround situation and are therefore not a reliable reference to assess the offer.

⁴⁴ Octavian, Vontobel and Keefe, Bruyette & Woods: Target prices as of October 2022 and January 2023. ZKB does not publish a target price for GAM.

Fairness Opinion GAM

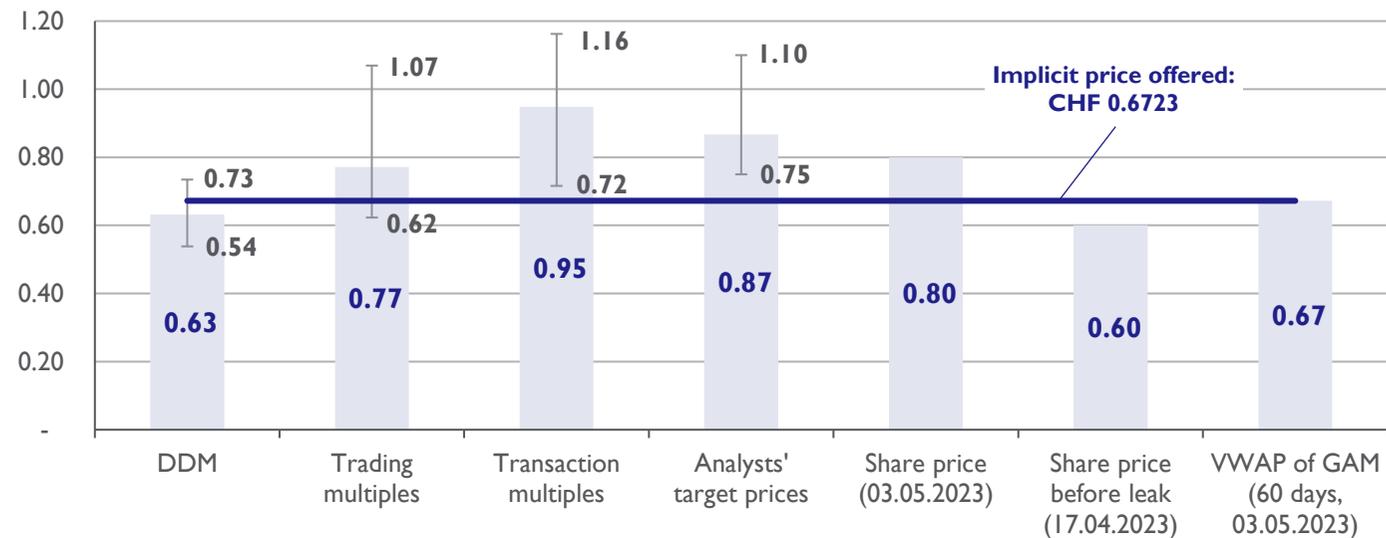
4 Conclusion

4 Conclusion

Based on the analyses described above, IFBC arrives at the following assessment regarding the fairness of the public exchange offer made by Liontrust on the 4th of May 2023 for all outstanding shares of GAM:

Overview of the valuation results

Overview of the valuation results for GAM as of 3rd of May 2023 (value per share in CHF)



Source: IFBC.

- According to best practice, we applied a set of valuation methodologies to determine the value per share of GAM.
- The DDM valuation results in a value per share of CHF 0.63 with a value range between CHF 0.54 and CHF 0.73 as of 3rd of May 2023. The sustainable total fee and commission margin, the sustainable operating margin, and the cost of equity are the main value drivers of the valuation. The result of the DDM valuation is given the most weight in assessing the fairness of the offer, as it is the most reliable method to consider the specific circumstances of GAM in the valuation.
- A valuation using trading multiples results in a value range from CHF 0.62 to CHF 1.07 per share as of 3rd of May 2023. Applying transaction multiples results in a value range from CHF 0.72 to CHF 1.16 per share. Despite the

careful selection of peer companies and comparable transactions, we consider the valuation based on multiples to be of limited significance, considering that the peer companies do not reflect GAM's specific circumstances and expected development.

- Given the volume of trading, GAM's shares are considered liquid under Swiss takeover law. Therefore, both the share price and the VWAP over the last 60 days can be considered in the assessment of the fairness of the offer made by Liontrust.
- Based on the volume-weighted average price over the last 60 trading days of Liontrust shares calculated on the last trading day prior to the publication of the pre-announcement (GBP 10.19 as of 3rd of May 2023) and the average FX rate of 1.1197 over the last 60 trading days, the offered exchange ratio corresponds to an implicit price offered of CHF 0.6723 per GAM share. The offer thus represents a discount of 16.0% compared to the closing price of the GAM shares prior to the publication of the offer (CHF 0.80) and corresponds to the 60-day VWAP of the GAM shares (CHF 0.67). Compared to the closing price before the leak of a potential transaction (CHF 0.60) on 17th of April 2023, the offer represents a premium of 12.1%.
- The analysts' target prices range between CHF 0.75 and CHF 1.10 per share with an average of CHF 0.87. However, the most recent of these target prices was published in January 2023. Therefore, the analysts' target prices don't reflect GAM's current tense turnaround situation and are therefore not a reliable reference to assess the offer.

Final assessment of the offer

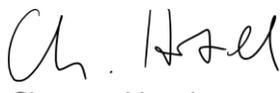
Based on our analyses and value considerations as well as the valuation results presented in this report, IFBC assesses the implicit price offered of CHF 0.6723 per share to be fair from a financial point of view. This conclusion is based on the following considerations:

1. The implicit price offered is supported by the DDM valuation, which provides the most reliable valuation results since it captures the unique circumstances of GAM. Other valuation methodologies fail to reflect the turnaround case outlined by GAM's management in its business plan.
2. The implicit price offered is within the value range resulting from a valuation using trading multiples.
3. As of 3rd of May 2023, the implicit price offered corresponds to the VWAP and is higher than the price of GAM shares before the leak of a potential transaction.

Zurich, 12th of June 2023



Dr. Thomas Vettiger
Managing Partner



Christian Hirzel
Partner

Fairness Opinion GAM

5 Appendix

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5 Appendix

5.1 Cost of equity

Parameter	Value	Comment
Currency weighted risk-free rate	2.80%	<ul style="list-style-type: none"> Yield of 10-year government bonds (rounded) of the relevant currencies for GAM, weighted based on a sustainable income and expenses split. Sources: Refinitiv Eikon.
Market risk premium	6.00%	<ul style="list-style-type: none"> The market risk premium reflects the long-term difference between the return of a market portfolio and the risk-free rate. It reflects the additional premium an investor expects of an investment in stocks compared to a risk-free investment. In accordance with best practice, a sustainable implied market risk premium of 6.00% is applied. Source: IFBC.
Levered beta	1.23	<ul style="list-style-type: none"> The levered beta measures the systematic risk and reflects both the operating as well as the financial risk of a company. To increase the statistical significance of the beta analysis, not only the beta of GAM is analyzed, but also statistically significant betas of peer group companies. The average levered beta is calculated as of 30th of April 2023 (last month-end before valuation date) based on weekly returns over 2 years (see Appendix 5.2). Source: Refinitiv Eikon.
Equity risk premium	7.38%	
Size premium	4.83%	<ul style="list-style-type: none"> Empirical and practical evidence shows that smaller companies have significantly higher cost of equity than companies with a high market capitalization. For this reason, a size premium is considered. The size premium is derived using statistical methods based on the company's market capitalization. Based on the market capitalization of GAM of USD 161 million (as of 30th of April 2023), a size premium of 4.83% (corresponding to the 10th decile of the size premia determined by Kroll) is applied. Source: Refinitiv Eikon and Kroll as of 31st of December 2022.
Cost of equity (rounded to 10bps)	15.00%	

5.2 Beta analysis as of 30th of April 2023

Company	Country	Local currency	Market value of equity ¹⁾ (in CHF million)	Levered adj. Beta ²⁾
Abrdn PLC	United Kingdom	GBP	4'966	1.43
Affiliated Managers Group Inc	United States of America	USD	7'617	1.35
Amundi SA	France	EUR	12'050	1.19
Anima Holding SpA	Italy	EUR	1'354	1.23
Artisan Partners Asset Management Inc	United States of America	USD	2'053	1.31
Ashmore Group PLC	United Kingdom	GBP	2'012	1.26
Azimut Holding SpA	Italy	EUR	2'976	1.05
Bellevue Group AG	Switzerland	CHF	479	1.04
BlackRock Inc	United States of America	USD	95'528	1.33
BrightSphere Investment Group Inc	United States of America	USD	947	1.09
DWS Group GmbH & Co KgaA	Germany	EUR	5'948	1.17
Federated Hermes Inc	United States of America	USD	3'236	0.88
Franklin Resources Inc	United States of America	USD	15'387	1.22
GAM Holding AG	Switzerland	CHF	104	0.77
GAMCO Investors Inc	United States of America	USD	354	0.90
Invesco Ltd	United States of America	USD	11'489	1.29
Janus Henderson Group PLC	United Kingdom	USD	3'973	1.37
JTC PLC	Jersey	GBP	1'188	1.23
Jupiter Fund Management PLC	United Kingdom	GBP	836	1.27
Liontrust Asset Management PLC	United Kingdom	GBP	783	1.40
M&G PLC	United Kingdom	GBP	5'590	1.27
Man Group PLC	United Kingdom	USD	3'621	1.25
Ninety One PLC	United Kingdom	GBP	1'943	1.16
Polar Capital Holdings PLC	United Kingdom	GBP	546	0.98
Premier Miton Group PLC	United Kingdom	GBP	191	0.99
Schroders PLC	United Kingdom	GBP	8'700	1.07
T Rowe Price Group Inc	United States of America	USD	23'711	1.40
Median			2'976	1.23

1) Based on average closing share prices of last 3 months; incl. preferred equity and minority interests (book value).

2) Calculated based on weekly returns over a 2-year period. Source: Refinitiv Eikon.

Not considered in the analysis due to lack of statistical significance.

5.3 Trading multiples – historical P/E multiples as of 30th of April 2023 (LTM) and 31 December

Company	Historical P/E multiples (size-adjusted)					
	12/18	12/19	12/20	12/21	12/22	04/23 LTM
Abrdn PLC	6.0x	20.1x	5.1x	3.5x	n/a	n/a
Affiliated Managers Group Inc	14.6x	185.2x	15.9x	8.8x	4.6x	3.9x
Amundi SA	7.4x	9.8x	9.9x	7.2x	6.8x	7.3x
Anima Holding SpA	7.1x	8.5x	6.6x	5.0x	7.8x	7.1x
Artisan Partners Asset Management Inc	4.6x	7.3x	9.0x	5.8x	6.4x	7.3x
Ashmore Group PLC	11.1x	13.9x	9.7x	8.8x	13.2x	13.2x
Azimut Holding SpA	7.6x	5.7x	4.5x	3.8x	5.1x	5.0x
Bellevue Group AG	10.6x	18.2x	13.4x	9.2x	14.2x	n/a
BlackRock Inc	9.4x	11.2x	14.4x	15.2x	13.2x	12.4x
Brightsphere Investment Group Inc	6.2x	3.1x	4.0x	1.8x	6.5x	8.1x
DWS Group GmbH & Co KgaA	8.1x	8.4x	8.5x	6.2x	6.9x	6.8x
Federated Hermes Inc	7.9x	7.9x	6.0x	9.2x	9.2x	9.7x
Franklin Resources Inc	11.6x	7.8x	7.9x	6.5x	6.9x	7.7x
GAM Holding AG	n/a	n/a	n/a	n/a	n/a	n/a
GAMCO Investors Inc	2.8x	4.5x	5.8x	6.6x	4.4x	n/a
Invesco Ltd	5.3x	7.8x	7.2x	4.5x	6.1x	6.1x
Janus Henderson Group PLC	5.3x	7.3x	24.5x	7.7x	6.9x	7.8x
Jtc PLC	n/a	19.5x	46.0x	32.7x	23.4x	20.8x
Jupiter Fund Management PLC	6.6x	10.6x	9.7x	6.9x	11.0x	9.6x
Liontrust Asset Management PLC	12.7x	27.8x	23.4x	19.0x	8.0x	5.9x
M&G PLC	n/a	3.6x	3.0x	41.9x	n/a	n/a
Man Group PLC	7.0x	8.0x	14.2x	6.2x	4.0x	5.3x
Ninety One PLC	n/a	n/a	9.6x	9.3x	7.2x	7.7x
Polar Capital Holdings PLC	7.2x	9.2x	8.7x	11.2x	8.1x	8.8x
Premier Miton Group PLC	12.3x	16.3x	21.9x	17.1x	16.3x	13.9x
Schroders PLC	9.2x	12.6x	12.9x	10.7x	9.7x	10.5x
T Rowe Price Group Inc	8.2x	9.0x	9.2x	9.3x	10.6x	11.0x
3rd quartile	10.0x	13.9x	14.0x	10.4x	10.7x	10.3x
Median	7.6x	9.0x	9.4x	8.2x	7.5x	7.7x
1st quartile	6.4x	7.8x	6.8x	6.2x	6.5x	6.8x

Source: Refinitiv Eikon.

5.4 Transaction multiples as of 30th of April 2023

Date	Target	Acquirer / investor	Equity value (100%) (in CHF million)	P/E multiple (size-adjusted)
26.07.2022	Pzena Investment Management Inc	Pzena Investment Management LLC	687	5.9x
01.04.2022	Manning & Napier Inc	Callodine Group LLC	232	9.0x
18.02.2020	Legg Mason Inc	Franklin Resources Inc	4'306	12.9x
04.09.2019	Miton Group PLC	Premier Asset Management Group PLC	113	12.8x
20.03.2018	Virgin Money Unit Trust Managers Ltd	Aberdeen Standard Investments Ltd	96	7.4x
13.03.2018	M&G PLC	Shareholders	6'933	4.8x
04.03.2017	Aberdeen Asset Management PLC	Standard Life PLC	5'353	16.9x
03.10.2016	Janus Capital Group Inc	Henderson Group PLC	2'523	11.7x
15.05.2015	DNCA Finance SA	Natixis Global Asset Management SA	786	8.8x
23.10.2014	Equitix Holdings Ltd	Tetragon Financial Group Ltd	269	11.4x
3rd quartile			3'860	12.5x
Median			737	10.2x
1st quartile			242	7.7x

Source: Refinitiv Eikon.

5.5 List of abbreviations

AuM	Assets under management	Julius Baer	Julius Baer Group Ltd
BoD	Board of Directors	KPI	Key performance indicators
Bps	Basis points	Liontrust or the offeror	Liontrust Asset Management Plc
CAGR	Compound annual growth rate	LTM	Last twelve months
CHF	Swiss Franc	P/AuM multiple	The ratio between market capitalization and AuM
DDM	Dividend discount model	P/E multiple	The ratio between market capitalization and net income
ESG	Environmental, Social, Governance	PDD	Potentially distributable dividends
EU	European Union	Shares	Registered shares of GAM with a nominal value of CHF 0.05
EUR	Euro	SIX	SIX Swiss Exchange
Exchange ratio	0.0589 shares of Liontrust in exchange for one share of GAM	SLI	Swiss Leader Index
FC	Forecast	Terminal Value, TV	Future value of potentially distributable dividends after FY2027
FY	Financial year	The offer	Voluntary exchange offer by Liontrust for all registered shares of GAM
GAM or the company	GAM Holding AG	US	United States
GBP	Great British Pound	USD	US Dollar
IFBC	IFBC AG	VWAP	Volume-weighted average price

