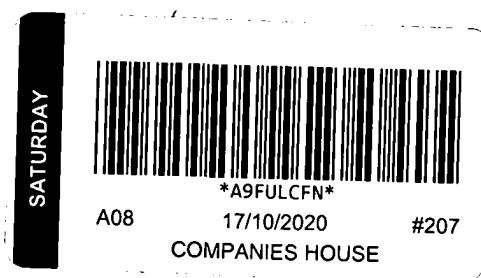


GAM LONDON LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 December 2019



GAM LONDON LIMITED
STRATEGIC REPORT
PRINCIPAL ACTIVITIES

1

The principal activity of GAM London Limited ("the Company") is that of distribution of funds sponsored and operated by the GAM Group (being GAM Holding AG, its subsidiaries and associated companies). Additionally, the Company provides investment management services to certain GAM funds and other third party clients on a discretionary and non-discretionary basis. The Company is regulated by the Financial Conduct Authority (FCA).

REVIEW OF THE COMPANY'S BUSINESS

Capital structure of the Company

The Company had issued capital at 31 December 2019 of £2,025,000 (2,025,000 ordinary shares of £1 each) (2018: £2,025,000). GAM (U.K.) Limited, a company registered in England, holds the entire issued share capital of the Company.

The Company is part of a Group comprising GAM (U.K.) Limited, GAM International Management Limited, GAM Sterling Management Limited, Renshaw Bay GP1 Limited, RB REFS 1 Limited, RB REFS 2 Limited, GAM (Guernsey) GP Limited, GAM Systematic Holding Limited, GAM Systematic Services Limited, GAM Systematic LLP, Cantab Capital (Cayman) Limited and GAM Unit Trust Management Company Limited (the 'UK Group').

Review of the business and future developments

In 2019, the value of the Company's distribution activities decreased by 34.26% based on revenue. Its Assets under Management (AuM) increased by 14.1% due to an increase in its fund management activities. The Company is taking appropriate action on costs to build a platform for profitable growth. The Company is committed to continuing to deliver high quality distribution services to the GAM Group and investment management services to its clients and remains convinced that GAM's relative performance and active management approach will enable it to continue to capture flows of new money.

FINANCIAL REVIEW

During the year to 31 December 2019, the Company made a loss after taxation of £2,991,000 (2018: profit £771,000).

Key performance indicators

The Company's AuM was £1,023 million in 2019 (2018: £897 million).

The Company monitors its cost/income ratio on a monthly basis, which for the year ended 31 December 2019, was 125% (2018: 93%).

The return on assets for the year ended 31 December 2019 was a negative 19% (2018: positive 4%).

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('s.172') when performing their duty to promote the success of the Company under s.172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company ("enlightened shareholder value").

This s.172 statement explains how the Directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to the need to foster the company's business relationships with suppliers, customers and others, as well as the impact of the company's operations on the community and the environment.

Directors' duties

The Board has a clear framework for determining the matters within its remit and has approved a board charter and a governance framework document. When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to the impact of decisions on the key stakeholders of the company.

The key stakeholders of the Company include:

- its clients;
- its employees;
- the wider community
- the environment
- the Financial Conduct Authority its regulator, and
- its related entities including the parent company.

The Company was guided by the following group principles and initiatives:

Client engagement

GAM's client focused culture has aided the company in facing the challenges in the industry, as well as those specific to GAM, keeping clients' interests as the top priority. Our product range offers clients access to investment areas that are highly sought after, and, as our investment performance in 2019 shows, deliver strong active returns. Our clients continue to value the relationships we have with them and each employee is charged with protecting our clients' interests by upholding GAM's standards of conduct and maintaining an effective control environment.

Developing our staff, supply chain and other stakeholders to achieve our environmental goals

We feel that strong employee engagement is essential in achieving our environmental goals. GAM has an active 'Sustainability Network' of volunteers that, among other activities, decides which projects to support as part of our carbon offsetting programme. This can include investments in renewable energy, community infrastructure, and conservation and reforestation initiatives. Each project contributes to multiple United Nations Sustainable Development Goals, in addition to the positive impact on the climate.

Inclusive workplace

GAM's culture is grounded in mutual respect and non-discrimination with regards to age, disability, gender, race, religion, sexual orientation or educational background.

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT (CONTINUED)

Investment 20/20

Investment20/20 was founded in 2013 with a clear mission to attract talent, irrespective of their educational qualifications, including those who would not necessarily normally consider a career in investment management. GAM joined the initiative in 2017 and since then has provided opportunities to 34 individuals across many business areas, including nine individuals in 2019. Our clear goal is to retain and develop these talented individuals in-house for the benefit of our company and provide further job opportunities in the coming years.

GAM Charity Art Auction – Lord Mayor's City Giving Day

Over the years, GAM has acquired a substantial corporate art collection through our support of the Royal Academy School and thanks to GAM's founder, Gilbert de Botton, who was a noted connoisseur of modern art. Many of the pieces have been given a new lease of life in the new London office and those artworks that could not be accommodated together with pieces of sentimental, or mostly decorative value, were offered to staff by means of an online auction. All 110 items were sold, raising over GBP 8,000 for the Lord Mayor's Appeal, coinciding with City Giving Day 2019, an annual celebration of volunteering and philanthropy in the City of London and beyond.

Relationship with the FCA

The company has continued to maintain an open, transparent and co-operative relationship with the FCA.

Key strategic considerations and decisions in 2019

We outline some of the principal considerations and decisions made by the Board over the year, highlighting how the Directors have engaged with, or in relation to, the different key stakeholder groups and how stakeholder interests were considered over the course of the board's considerations and decision-making.

- Responsible investing

The consideration of environmental, social and governance (ESG) factors in investment decisions has been identified as a key part of our strategy to restore long-term shareholder value, and as such is a standing agenda of board meetings. In 2019, we built on the foundations of the previous year and made further progress in the area of responsible investing. We refined our investment processes where appropriate based on our understanding of the long-term trends affecting businesses, the public sector and society. We have integrated sustainable factors into investment processes across a wide range of asset classes, allowing us to follow a holistic approach in our investment decisions. This supports our aim to deliver sustainable long-term value for our clients and enables them to achieve their investment goals. We continued to intensify our engagement with companies on relevant ESG issues and actively voted at company meetings, which we see as instrumental to the improvement of corporate disclosure and transparency.

- Employee engagement

2019 saw the introduction of the first independent employee survey since 2002. This has proven to be a huge support for our people agenda and our intent is to conduct these surveys every year with the expectation of increasing our engagement index year-on-year. Under the oversight of the board, GAM will be working with its employees to build solutions to the feedback provided through a culture working group established in 2019.

- Developing our culture and conduct

The company carried out an in-depth review aimed at strengthening and embedding its culture and conduct framework in preparation for the entry into force of the senior managers and certification regime. A Group code of conduct exists and training is provided to support the delivery of the conduct and behaviours expected of our employees. In order to strengthen the control environment and its segregation of duties, a decision was made by GAM UK Group that investment managers would not be appointed as directors of subsidiary boards.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS

The principal risk facing the Company is a reduction in AuM arising from adverse external market movements. The Company addresses this risk through diligent attention to the asset allocation process

Key risks

Risk is inherent in the nature of the Company business and activities. The key categories of risks to which the Company is exposed are:

- operational risk in relation to how it conducts its business activities;
- market risk in relation to the value of AuM that underpins revenue streams;
- the exposure to adverse movements in foreign exchange rates;
- reputational risk /risk of key management turnover;
- Exposure to pension risk; and
- capital management and funding from parent.

These risks have been reviewed and stress tested in the UK Group's Internal Capital Adequacy Assessment Process (ICAAP). Each risk is discussed in greater detail below:

FINANCIAL RISK MANAGEMENT

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. It includes legal, regulatory, compliance and tax risk resulting from failure to comply with relevant laws and regulations as well as contractual obligations. The Company has a dedicated Risk Management function which facilitates the on-going identification, assessment, monitoring and mitigation of risks.

The Company manages these risks through an Operational Risk Framework comprising procedures designed to ensure the most significant risk exposures are identified, assessed, monitored and mitigated. The Risk Management Framework includes Key Risk Indicators, Process, Risk and Control Self Assessments, Error Management and Reporting and Analysis.

Market risk

Market risk is the risk of losses due to fluctuations in market variables such as foreign exchange rates, security prices and interest rates. Exposures to market risk are further classified into foreign exchange risk, security risk and interest rate risk. The Company's balance sheet is not directly impacted by market risk as it does not regularly hold any material proprietary positions at the Company level. When these are held they are stress tested and additional capital is held in accordance with ICAAP requirements. The diversification (equity vs. fixed income, style, geography, and blend) reduces risk of multiple product offerings simultaneously experiencing sustained market downturns.

In addition, the Company performs regular re-forecasting and scenario analysis and has contingency plans in place to rebalance expenses in line with any change in revenues.

Foreign exchange risk

Foreign exchange risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. While the Company does not actively hedge its profit and loss exposure to foreign exchange movements at the Company level, this exposure is managed at the GAM Group level. The UK Group separately manages its own foreign exchange balance sheet exposure and will hedge any material balances.

STRATEGIC REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the values of financial instruments. Changes in interest rates do not affect the Company's earnings by materially changing its net interest income nor the level of other interest-sensitive income and operating expenses. Such a movement in interest rates does not affect the underlying value of the Company's assets and liabilities nor materially change the present value of future cash flows.

The UK Group does not rely on interest income to fund its operations.

Pension risk

The UK Group has both a Defined Benefit Pension Scheme and a Defined Contribution Pension Scheme. The UK Group took action to mitigate its future exposure to pension risk by closing its Defined Benefit Pension Scheme to new employees in 2004 and in 2012 it took further steps to limit the potential volatility of its pension risk by restructuring its Defined Benefit Pension Scheme offering to active members. This will continue to be monitored as a key risk until remaining exposure to the Defined Benefit Pension Scheme is no longer deemed to be material.

Reputational risk /risk of key management turnover

Reputational risk is the potential to adversely damage the UK Group's reputation, resulting in loss of earnings or adverse impact on market capitalisation as a result of stakeholders taking a negative view of the UK Group or its actions.

Reputational risk could arise from the failure of the UK Group to effectively mitigate the risks in its businesses including credit, liquidity, market, regulatory, legal or other operational risk. Damage to the UK Group's reputation could cause existing clients to reduce or cease to do business with the UK Group and prospective clients to be reluctant to conduct business with the UK Group. All employees are responsible for day-to-day identification and management of reputational risk.

Reputational risk may also arise from a failure to comply with environmental and social standards. Our primary environmental and social impacts arise through our relationship with our clients and the investment decisions we take.

Risk of key management turnover is the risk that a departure of a key management would result in a loss of AuM resulting in a loss of earnings. The Company manages this risk by ensuring the remuneration of key management is linked to the long term objectives of the Company.

Other risks

The Company is also exposed to credit and liquidity risk (see Note 3 in the financial statements). Other risks including insurance risk, concentration risk, residual risk and securitisation risk have also been considered, but are not deemed material.

Capital management

The Company continues to actively and prudently manage its capital. The primary principle of the UK Group and all of its legal entities is at all times to maintain sufficient regulatory capital to meet the applicable local regulatory requirements. If the Company breached regulatory capital, there is the potential risk that the parent company may not be able to provide capital support if management actions do not bring the Company into a positive regulatory position. The Company monitors early warning indicators and forecasts the regulatory position in order to mitigate regulatory breaches. The Directors believe that the parent will be able to provide support, if needed in the next 12 months.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS (CONTINUED)

The Company is supervised and regulated on a consolidated basis by the Financial Conduct Authority (FCA). Consequently, the UK Group's governance, internal controls and available capital are reviewed on a regular basis by the Board of Directors. Additionally a number of the individual subsidiaries are independently regulated by the FCA and are reviewed by their respective Board of Directors.

Regulatory capital requirements are based on factors such as an entity's level of its fixed expenditures and/or the size and quality of its financial assets and liabilities. The Company currently maintains an appropriate level of capital resources relative to its applicable capital requirements.

COVID-19

On 11 March 2020, the World Health Organisation declared the Coronavirus (Sars-CoV-2) outbreak to be a pandemic in recognition of its rapid spread across the globe. On 12 March the UK Chief Medical Officer raised the risk from moderate to high.

Concerns about the spread of coronavirus and the associated lung disease COVID-19 ("coronavirus disease 2019") are already having restrictive and significant consequences for the economy and companies, for example due to restrictions on production and trade or travel restrictions. The capital markets have experienced significant price corrections and an increase in risk premiums. Due to supply disruptions and demand shortfalls, economic growth is expected to be impaired in 2020, but this cannot be quantified yet. Possible effects on earnings would be bottlenecks in the supply chain, the loss of own employees or the inability to provide services and any related legal risks. Economic stimulus measures are being discussed, or have already been implemented, to stabilise the economy.

For the Company's financial statements as of 31 December 2019, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities in the 2019 financial statements.

The recent market developments are expected to result in lower assets under management and therefore in lower future cash flows. However, the financial impact of the coronavirus on the Company in the future cannot be assessed at present. The Board of Directors is taking appropriate actions to mitigate potential negative impacts on future cash flow streams.

Pillar 3 Regulatory capital Disclosures

In accordance with the rules of the FCA, the UK Group has published information on its risk and management objectives and policies, and on its regulatory capital requirements and resources. This information is available by visiting the GAM website at www.gam.com.



On behalf of the Board
G Withers
Chairman

22 June 2020

DIRECTORS' REPORT

The Directors submit their report together with the financial statements of the Company for the year ended 31 December 2019.

DIRECTORS

The Directors who held office during the year were as follows:

Darren Nicholls	
Howard Jones	
Gary Withers	(appointed 13 November 2019)
Gregory Clarkson	(appointed 23 March 2020)
Matthew Beesley	(resigned 28 February 2020)
Timothy Rainsford	(resigned 30 October 2019)
Larry Hatheway	(resigned 6 March 2019)

DIVIDEND

The Directors do not recommend payment of a dividend and no dividends were declared during the year (2018: £nil).

QUALIFYING THIRD PARTY INDEMNITY

The UK Group, through GAM (U.K.) Limited, maintains qualifying third party indemnity provisions for its Directors in accordance with the Companies Act 2006.

POLITICAL DONATIONS AND CONTRIBUTION TO A NON-POLITICAL PARTY

The Company did not make any political donations nor any contributions to a non-EU political party in the year ended 31 December 2019.

GOING CONCERN

The directors have prepared cash flow and capital forecasts and undertaken an assessment, for a period of at least 12 months from the date of approval of these financial statements, including assessing the impact of COVID-19, to determine whether there are any material uncertainties arising that could cast significant doubt on the ability of the Company to continue as a going concern.

The directors believe that the Company will have sufficient funds to meet its financial obligations and regulatory capital needs as they fall due for that period, through funding from its ultimate parent company, GAM Holding AG i.e. those forecasts are dependent on GAM Holding AG providing additional financial support during that period. GAM Holding AG has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

DISCLOSURE OF INFORMATION TO AUDITOR

In accordance with Section 418 of Companies Act 2006, the Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and all Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period. In preparing each of the Company's financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Other Information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.



On behalf of the Board
G Withers
Chairman

22 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GAM LONDON LIMITED**Opinion**

We have audited the financial statements of GAM London Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GAM LONDON LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Palmer (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

23 June 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
Revenue	4	14,033	20,914
Investment advisory costs, professional fees and marketing costs	4	(2,902)	(3,152)
Administrative expenses	4	(14,029)	(16,520)
Other operating expenses	4	(294)	(57)
Operating (loss)/ profit		(3,192)	1,185
Finance income / (expense)	4	(29)	146
(Loss)/profit before tax		(3,221)	1,331
Corporation tax credit/(expense)	5	230	(560)
(Loss)/profit for the year		(2,991)	771
Other comprehensive income (OCI)			
Items not included in profit or loss			
Taxation on share based payments		-	(154)
OCI net of tax		-	(154)
Total comprehensive (expense)/ income for the year		(2,991)	617
(Loss)/ profit attributable to:			
Equity holders of the Company		(2,991)	771
Total comprehensive (expense)/ income attributable to:			
Equity holders of the Company		(2,991)	617

All items dealt with when arriving at the results for the years ended 31 December 2019 and 31 December 2018 relate to continuing operations.

The notes on pages 15 to 37 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Attributable to equity holders of the Company		
	Share	Capital	Retained Earnings
	£000	£000	£000
Balance at 1 January 2018		2,025	13,200
Profit for the year	-		771
Taxation on share based payments	-		(154)
Balance at 31 December 2018		2,025	13,817
Loss for the year	-		(2,991)
Taxation on share based payments	-		-
Balance at 31 December 2019		2,025	10,826

15,225

771

(154)

15,842

(2,991)

-

12,851

All balances shown in the above Statement of Changes in Equity are owner related. There are no equity balances relating to non-controlling interests.

The notes on pages 15 to 37 are an integral part of these financial statements.


Registered Company Number 00874802

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
ASSETS			
Non-current assets			
Deferred tax assets	5	493	185
Total non-current assets		493	185
Current assets			
Cash and cash equivalents	9	3,031	5,018
Trade and other receivables	8	11,887	16,349
Total current assets		14,918	21,367
TOTAL ASSETS		15,411	21,552
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital	10	2,025	2,025
Retained earnings		10,826	13,817
Total equity		12,851	15,842
Current liabilities			
Trade and other payables	11	2,560	5,408
Current tax liabilities	5	-	238
Provisions	12	-	64
Total current liabilities		2,560	5,710
TOTAL EQUITY AND LIABILITIES		15,411	21,552

The financial statements on pages 11 to 37 are approved by the Board on 22 June 2020 and signed on its behalf by:



On behalf of the Board
G Withers
Chairman

22 June 2020

The notes on pages 15 to 37 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Receipts from customers		18,495	14,819
Payments to suppliers and employees		(20,495)	(19,381)
Corporation tax paid	5	-	1,513
Net cash flows from operating activities		(2,000)	(3,049)
Cash flows from investing activities			
Interest received	4	13	49
Net cash flows used in investing activities		13	49
Cash flow from financing activities			
Dividends paid to the Company's shareholders		-	-
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		(1,987)	(3,000)
Cash and cash equivalents at 1 January		5,018	8,018
Cash and cash equivalents at 31 December	9	3,031	5,018

The notes on pages 15 to 37 are an integral part of these financial statements.

Registered Company Number 00874802

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

1. CORPORATE INFORMATION

The Company is a private limited company incorporated in the United Kingdom with its registered office at 8 Finsbury Circus, London, EC2M 7GB. The Company is a wholly owned direct subsidiary of GAM (U.K.) Limited, a company incorporated in the United Kingdom registered in England with registration number 01664573. The ultimate parent undertaking and controlling party of the Company is GAM Holding AG, a company incorporated in Switzerland.

The principal activities of the Company are described in the Strategic Report on page 1 to 6.

As the Company's shares are not publicly traded, and the presentation of segmental financial information would not be helpful in assisting the user of these financial statements to understand the Company's business, segmental information is not presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements are prepared on a going concern basis. The historical cost principle has been applied, with the exception of financial assets and liabilities at fair value through profit or loss, derivative financial instruments and financial investments available for sale. The financial statements are presented in pounds sterling (£) and are rounded to the nearest unit of £1,000, except when otherwise indicated. Revenue and expenses are recorded on an accruals basis.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 1 to 6. In addition, the Directors' report on pages 7 to 8 includes the Company's objectives, policies and processes for managing its capital; its financial risk management objective and its exposures to credit and liquidity risk.

The directors have prepared cash flow and capital forecasts and undertaken an assessment, for a period of at least 12 months from the date of approval of these financial statements, including assessing the impact of COVID-19, to determine whether there are any material uncertainties arising that could cast significant doubt on the ability of the Company to continue as a going concern

The directors considered:

- The financial impact of the uncertainty caused by COVID-19 on the Company's balance sheet and working capital;
- Liquidity and regulatory capital stress tests on reasonably plausible scenarios including a significant decrease in revenue earned by the Company over the next 12 months;
- Reverse stress tests, and
- The Company and GAM Holding AG group's operational resilience with respect to the impact of the COVID-19 pandemic on existing processes and key stakeholders such as suppliers, employees, customers and its existing IT systems and infrastructure.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Going concern (continued)**

The directors believe that the Company will have sufficient funds to meet its financial obligations and regulatory capital needs as they fall due for that period, through funding from its ultimate parent company, GAM Holding AG i.e. those forecasts are dependent on GAM Holding AG providing additional financial support during that period. GAM Holding AG has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Statement of compliance

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019.

Certain new standards, revisions and interpretations of existing standards have been published that must be applied in future financial periods, but are not yet adopted by the Company.

The following standards, revisions and interpretations will be relevant to the UK Group.

IFRS 16 - Leases

The new standard became effective in the financial year commencing 1 January 2019. It has not had an impact on the financial statements of the Company.

Foreign currency translation

The functional and presentation currency of the Company is pounds sterling (£). Transactions in foreign currencies are initially recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency at the rate of exchange ruling at the statement of financial position date. All differences are disclosed in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The majority of foreign currency transactions are denominated in Euros (EUR), US Dollars (USD), Swiss Francs (CHF), Australian Dollars (AUD), Canadian Dollars (CAD), Swedish Krona (SEK) and Israeli New Shekel (ILS). The exchange rates used for these currencies at the statement of financial position date were as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	2019	2018
GBP / AUD	1.8846	1.8091
GBP / CAD	1.7179	1.7395
GBP / CHF	1.2828	1.2555
GBP / EUR	1.1802	1.1141
GBP / ILS	4,5757	4.7591
GBP / USD	1.3248	1.2736
GBP / JPY	143.9673	139.7332

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised at fair value (original invoice amount less an allowance for any uncollectible amounts) and carried at amortised cost using the effective interest rate method.

Trade and other payables

Trade payables, which generally have 30 day terms, are stated at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from the provision of asset management services is recognised as the services are provided and includes management fees. In accordance with IFRS 15, fees are only recognised once they can be measured reliably. Revenue is recognised on the accruals basis.

An analysis of revenue streams is presented in Note 4 ('Revenue and expenses').

Tax

Deferred tax is provided for using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of the unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Revenue, expense and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense items applicable.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Use of estimates and judgements

In preparing the Company financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets/liabilities. Actual results in future periods could differ from such estimates. Estimates and assumptions are mainly used in the following areas of the financial statements and are disclosed in the corresponding notes:

- utilisation of tax losses and measurement of deferred tax assets;
- determining the fair value of share-based payments.

Post-employment benefits

GAM (UK) Limited operates a Defined Benefit Pension Scheme and a Defined Contribution Pension Scheme for its employees and those of the subsidiaries comprising the UK Group.

In the case of Defined Benefit Pension Scheme, the pension expenses and obligations are valued according to the projected unit credit method. The corresponding calculations are carried out by independent qualified actuaries. The pension expenses recorded in the income statement for the Defined Benefit Pension Scheme correspond to the actuarially determined expenses minus the employee contributions that are charged in personnel expenses. The pension liability is held by the parent, GAM (U.K.) Limited.

The full value of any net liability is recognised in the balance sheet of the Company. Pension assets are only recognised in the balance sheet if they are available to the Company as refunds or future reductions in contributions.

In the case of Defined Contribution Pension Scheme, the contributions are expensed when the employees render the corresponding service to the Company.

Share based payments

The Company participates in a number of share based payment plans in the form of share or share option plans for its employees. When such payments are made to employees, the fair value of these payments at grant date serves as the basis for calculating the personnel expenses.

Share based payments that are not subject to any further conditions are expensed immediately at grant date. Share based payments that are subject to the completion of a service period are expensed over the respective service period.

Share based payments that are settled in GAM Holding AG equity instruments (shares or options) result in a corresponding credit to equity, and are not re-measured for subsequent changes in the fair value of the underlying equity instruments. Share based payment plans that are settled by the payment of cash are recognised as a liability and are adjusted through the income statement for changes in fair value of the underlying equity instruments until final settlement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

3. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk (which includes foreign currency risk and interest rate risk).

The Company's risk management policies are designed to identify and analyse the risks it faces, to set appropriate risk limits and controls and to monitor the risks and adherence to the limits by means of reliable up-to-date information. The UK Group regularly reviews its risk management policies and systems to reflect changes in business, counterparties, markets and the financial instruments that it utilises.

The Company's overall strategy and policies for the monitoring and management of financial risk are set by the Boards of Directors of all subsidiaries. The Board of Directors of all subsidiaries delegates the implementation of risk monitoring, management and mitigation policies to a number of individuals and teams within the UK Group including the Head of Risk UK, Risk Management Team, the Legal & Compliance Team and Internal Audit.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Credit risk arises from daily operations of the Company. The principal source of Credit risk arises from the placing of funds with banks, trade debtors, accrued income and related party receivables.

Cash held by the Company is held with several large banks. Bankruptcy or insolvency by these banks may cause the Company's rights with respect to the cash held by these banks to be delayed or limited. The Company monitors the credit rating of each bank on a monthly basis, as reported by the major credit rating agencies. Additionally, the GAM Group Policy on Bank Counterparties sets a limit for the maximum exposure permitted to each bank. If the credit quality or the financial position of any bank deteriorates significantly, management will move the cash holdings to another bank.

Trade debtors and accrued income represents income due from clients and funds in relation to AuM. Given that the Company's subsidiaries manage assets on behalf of clients and institutions and that management fees are typically charged to and paid from the underlying funds, there is a relatively low risk of default on trade debtors and related party receivables.

At the statement of financial position date, the UK Group's and Company's financial assets exposed to Credit risk were as follows

	Company 2019 £000	Company 2018 £000
Cash and cash equivalents	3,031	5,018
Trade receivables	156	97
Amounts due from holding company	7,488	11,912
Receivable from related parties	3,211	3,833
Other receivables	1,032	506
	14,918	21,366

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

3. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Amounts in the above table are based on the carrying value of all accounts. The Company does not have any material overdue receivables.

There were no overdue receivables at the statement of financial position date.

As at 31 December 2019, the 'expected credit losses'-impairment model did not have a material impact as (i) the majority of the financial assets are measured at fair value through profit or loss (FVTPL) and the impairment requirements do not apply to such instruments; and (ii) the financial assets at amortised cost are short-term (ie no longer than 12 months). As at 31 December 2019, expected credit losses were lower than £0.1 million.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. It is the Company's policy to have enough cash on hand to meet its current obligations.

At the statement of financial position date, the Company had cash and cash equivalents of £3,031,330 (2018: £5,018,469) on hand to meet its current obligations.

The following table details the residual contractual maturities, undiscounted cash flows of the Company's financial liabilities at 31 December 2019:

	On Demand £000	Not more than 6 months £000	6 months to 1 year £000	More than 1 year £000
Accrued expenses	-	223	-	-
Payable to related parties	-	2,179	-	-
	-	2,402	-	-

The following table details the residual contractual maturities, undiscounted cash flows of the UK Group's and Company's financial liabilities at 31 December 2018:

	On Demand £000	Not more than 6 months £000	6 months to 1 year £000	More than 1 year £000
Accrued expenses	-	2,766	-	-
Payable to related parties	-	2,642	-	-
	-	5,408	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

3. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through its banking deposits.

The Company keeps its excess cash at banks and receives a floating rate of interest on these deposits. Management does not actively manage interest rate risk, as it does not consider it significant, apart from placing excess cash in banks with a market interest rate.

No cash held on deposit throughout the year therefore nil interest rate exposure throughout the year (2018: Nil).

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's business is impacted through its exposure to non-Sterling denominated income, expenses, assets and liabilities. The currency exposure is managed through the placing of monthly forward currency contracts on foreign currency revenue receipts. In addition, the UK Group carries a small exchange position as principal to facilitate the smooth conduct of its business.

At 31 December 2019, the Company had the following statement of financial position exposure to foreign currency net of hedging activity:

	2019 £000	2018 £000
CHF	17	655
SEK	-	(1)
EUR	288	184
ILS	73	(10)
USD	1,177	819
	1,555	1,647

On the basis that all other variables remain constant, if, at 31 December 2019, the pound Sterling had strengthened by 10% in relation to all currencies, equity and profit for the period per the statement of comprehensive income would have decreased by the amounts shown below:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

3. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

	2019	2018
	£000	£000
CHF	(2)	(60)
SEK	-	-
EUR	(26)	(17)
ILS	(7)	1
USD	(107)	(74)
	(142)	(150)

4. REVENUE AND EXPENSES

Revenue

	2019	2018
	£000	£000
Revenue, which is stated net of sales tax, comprises:		
Fees from advising:		
Fund management and Client management fees	1,756	2,472
Distribution fees	11,955	18,185
Fees from services provided to other GAM Group companies	322	257
Total	14,033	20,914

Finance income/ expense

	2019	2018
	£000	£000
Interest income	13	49
Net foreign exchange translation gains/(losses)	(42)	97
Total	(29)	146

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

4. REVENUE AND EXPENSES (CONTINUED)

Expense by nature

	2019	2018
	£000	£000
Advertising and marketing costs	9	53
Management charge from holding company	6,230	5,986
Investment advisory fees	2,390	2,746
Professional fees	503	353
Employee benefits expense	6,830	8,739
Other administration costs	969	1,795
Other expense	294	57
Total	17,225	19,729

Investment advisory costs, professional fees and marketing costs	2,902	3,152
Administrative expenses	14,029	16,520
Other operating expenses	294	57
	17,225	19,729

Investment advisory fees comprise amounts paid to other GAM Group companies or to third parties in respect of sub advisory fees provided to the Company.

Employee benefits expense

	2019	2018
	£000	£000
Salaries and bonuses	4,022	5,701
Social security costs	506	731
Pension costs - Defined Contribution scheme	295	320
Pension costs - Defined Benefit scheme	(1)	(4)
Long Term Incentive plan costs	1,788	1,223
Other employment costs	219	559
	6,829	8,530

The average number of persons employed by the UK Group during the financial year was 49 (2018: 49).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

4. REVENUE AND EXPENSES (CONTINUED)

Auditor's remuneration

	2019	2018
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's accounts	25	22
Fees payable to the Company's auditor for other services - other services pursuant to legislation	7	3
	32	26

Directors' emoluments

The calculation method for the aggregate Directors' emoluments has been adjusted so that the Directors' emoluments are based on the work the Directors have performed for the Company.

	2019	2018
	£000	£000
Aggregate emoluments	112	347
Highest paid Director - aggregate emoluments	52	277

During the year no Directors were remunerated through a subsidiary company, payments made under long-term incentive schemes amounted to £16,000 (2018: £78,000). Pension contributions amounted to £3,000 (2018: £3,000) and are not included above.

There were no related party transactions with Directors.

5. CORPORATION TAX

UK corporation tax rate for 2019 was 19.00%. A reduction to 17% (from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget, it was announced that the UK corporation tax rate will remain at the current level of 19% and not reduce to 17% from 1 April 2020. The deferred tax asset/liability at 31 December 2019 has been calculated based on these rates.

Major components of tax expense for the years ended 31 December 2019 and 31 December 2018 are:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

5. CORPORATION TAX (CONTINUED)

Statement of comprehensive income

	2019	2018
	£000	£000
(Loss)/Profit on ordinary activities before tax	(3,221)	1,331
UK corporation tax	2019	2018
	£000	£000
Current tax on income for the period	72	378
Adjustments in respect of prior periods	6	-
Current tax expense	78	378
Deferred tax expense/(income)	(308)	182
Corporation tax (credit)/ expense	(230)	560

Taxation on items credited to equity amounted to £nil (2018: £nil).

	2019	2018
	£000	£000
Profit on ordinary activities at the effective UK tax rate	(612)	253
19.00% (2018: 19.00%)		
Adjustments to tax in respect of prior period	117	99
Expenses not deductible for tax purposes	14	19
Tax on Share Options	127	188
Foreign tax	72	188
Effects of other tax rates	52	1
Total taxation - continuing operations	(230)	560

Statement of financial position

	2019	2018
	£000	£000
Current tax liabilities		
Other current tax liabilities	-	238

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

5. CORPORATION TAX (CONTINUED)

Deferred tax

Deferred tax is calculated in full on the temporary differences under the liability method using the relevant tax rate at the point which it is known to become taxable. The current effective tax rate of 19.00% (2018: 19.00%).

	2019	2018
	£000	£000
Deferred tax asset	493	185

The movement on the deferred tax account is shown below:

	2019	2018
	£000	£000
At beginning of period	185	514
Adjustment to prior periods	(111)	(65)
Statement of comprehensive income credit/(charge)	419	(83)
Deferred tax charge in equity for the period	-	(181)
At end of period	493	185

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS12) during the period are shown below.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Deferred tax assets - Recognised	Provisions	Losses	Total
	£000	£000	£000
At 1 January 2019	185	-	185
Statement of comprehensive income credit/(charge)	15	293	308
Statement of Equity	-	-	-
At 31 December 2019	200	293	493
Assets receivable in 12 months or more			493

There were no deferred tax liabilities as at 31 December 2019 (2018: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

5. CORPORATION TAX (CONTINUED)

Statement of cash flows

	2019	2018
	£000	£000
Corporation tax (received) / paid	-	(1,513)

6. EMPLOYEE BENEFITS

Share-based payments

The plans described below reflect the situation as at 31 December 2019. All share plans, bonus deferrals, long-term incentive plans and option plans mentioned below are equity settled plans. Unless otherwise stated, the costs disclosed relate to this Company.

2019 bonus deferrals

In line with the compensation framework, deferral of variable compensation applies to all employees. The proportion of employees' variable compensation to be deferred was generally 75% of any variable compensation over CHF 50,000.

In early 2020, the Group will grant to relevant employees GAM Holding AG shares as the deferred component of their variable compensation for 2019. These shares will vest and be delivered in three equal tranches on the first three anniversaries of the grant date subject to recipients continuing to be employed with the Group on the vesting date. For some employees, the deferred component of their variable compensation is granted in form of fund units. For further information see note 3.

The number of shares granted at grant date will be determined by dividing the predetermined aggregate fair value by the fair value per share. The expected aggregate fair value of these awards to be delivered in shares is recognised as an expense over the relevant vesting period starting 1 January 2019. In 2019, an expense of £413,000 was recognised.

2019 share awards

In 2019, certain new employees were granted a total of 15,678 GAM Holding AG shares with a fair value between CHF 3.58 and CHF4.33 per share. The shares will vest and be delivered in three equal tranches on the first three anniversaries of the grant date subject to the recipient continuing to be employed with the Group on each vesting date. In 2019, an expense of £193,000 was recognised.

2018 compensation

At the Annual General Meeting in May 2019 the members of the Group Management Board (excluding the group CEO) granted GAM Holding AG shares as a variable deferred element of their total compensation for 2018. These shares will vest and be delivered in four equal tranches on the first four anniversaries of the grant date subject to recipients continuing to be employed with the Group on the vesting date.

The number of shares granted at grant date will be determined by dividing the predetermined aggregate fair value by the fair value per share. The expected aggregate fair value of these awards to be delivered in shares is recognised as an expense over the relevant vesting period starting 1 January 2018. £247,000 was recognised as an expense in 2019 (2018: £125,000)

It is intended that members of the Group Management Board will also receive a long-term incentive plan (LTIP) award as another variable deferred element of their total compensation for 2018. For further information on the 2018 LTIP see below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

6. EMPLOYEE BENEFITS (CONTINUED)**2018 long-term incentive plan**

The proposed LTIP award will be granted in May 2019. Members of the Group Management Board and selected senior executives will be eligible to receive an LTIP award which will form part of their deferred variable compensation. Each award is split and will vest in three tranches.

The LTIP will be delivered 100% in performance shares and will have a three-year performance period plus a two-year holding period. The award will vest and settle five years after the grant date subject to the recipient continuing to be employed with the Group on the vesting date.

The metrics utilised will include the annual earnings per share (EPS) growth which will have a 50% weighting, three-year relative total shareholder return (rTSR) and three and five-year investment performance both of which will have a weighting of 25%.

A maximum of 25% of the LTIP will vest for achieving a threshold level of performance increasing to 50% for target performance and 100% for exceptional performance. The number of performance shares converted to GAM shares will be capped at one share for each performance share.

The number of performance shares granted will be determined by dividing the predetermined aggregate fair value by the fair value per performance share at grant date. The fair value at grant date is recognised as an expense over the relevant vesting period. In 2019, an expense of £ 34,000 was recognised (2018: £27,000). All attributed to members of the GMB.

2018 bonus deferrals

Deferral applies to all employees' annual bonuses. The proportion of annual bonus to be deferred into GAM shares by employees (other than GMB members) will generally be one-third of any annual bonus over CHF 75,000.

In early March 2019, the Group will grant to certain employees GAM Holding AG shares as a variable deferred element of their total compensation for 2018. These shares will vest and be delivered in three equal tranches on the first three anniversaries of the grant date subject to recipients continuing to be employed with the Group on the vesting date. Other elements of the deferred bonuses are granted in form of fund units.

The number of shares granted at grant date will be determined by dividing the predetermined aggregate fair value by the fair value per share. The expected aggregate fair value of these awards to be delivered in shares is recognised as an expense over the relevant vesting period starting 1 January 2018. In 2019, an expense of £217,000 was recognised (2018: £94,000).

2017 compensation

At the Annual General Meeting on 26 April 2018 shareholders did approve the proposed maximum variable compensation of the Group Management Board for 2017.

On 3 May 2018, the members of the Group Management Board (including the group CEO) were granted 60,452 GAM Holding AG shares as a variable deferred element of their total compensation for 2017. These shares will vest and be delivered in four equal tranches on the first four anniversaries of the grant date subject to recipients continuing to be employed with the Group on the vesting date.

The aggregate fair value of these awards to be delivered in shares amounts to CHF 1 million and is recognised as an expense over the relevant vesting period starting 1 January 2017. £167,000 was recognised as an expense in 2019 (2018: £442,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

6. EMPLOYEE BENEFITS (CONTINUED)**2017 Employee Option Award**

On 6 March 2017, the Group granted, to certain employees (excluding all Board of Directors and Group Management Board members), a total of 70,309 options with an exercise price of CHF 11.25. Subject to certain terms and conditions, the Group will deliver one share in GAM Holding AG per option. The options have an exercise period of six months after their vesting date of 6 March 2020.

As at the date of grant, the aggregate fair value of these options amounted to CHF 105,525 and is recognised as an expense over the relevant vesting period. In 2019, an expense of £14,000 was recognised (2018: £17,000)

As at 31 December 2019, 4,162 options have forfeited, 2,550 transferred out and 36,958 options were outstanding.

2017 Long-Term Incentive Plan (LTIP)

On 3 May 2018, the members of the Group Management Board (including the group CEO) and a handful of senior executives received an LTIP award which will form part of their deferred variable compensation, subject to the recipient continuing to be employed with the Group on the vesting date. Each award is split and will vest in three tranches.

The LTIP will be delivered 100% in performance shares and will have a three-year performance period plus a two-year holding period. The award will vest and settle five years after the grant date subject to the recipient continuing to be employed with the Group on the vesting date.

The metrics utilised includes the annual earnings per share (EPS) growth which has a 50% weighting; three-year relative total shareholder return (rTSR) and three and five-year investment performance both of which have a weighting of 25%. A maximum of 25% of the LTIP will vest for achieving a threshold level of performance increasing to 50% for target performance and 100% for exceptional performance. The number of performance shares converted to GAM shares will be capped at one share for each performance share.

Performance under the 2017 LTIP award will be assessed using the performance conditions as mentioned in section 3 of the GAM Group compensation report.

Participants were granted 17,248 performance shares.

As at the date of grant, the aggregate fair value of the performance shares amounted to CHF 0.2 million (thereof to members of the GMB: CHF 0.1 million). In 2019, an expense of £16,000 (thereof to members of the GMB: £4,000) was recognised for the 2018 LTIP (2017: £2,000, thereof to members of the GMB: £2,000).

As at 31 December 2019, the number of outstanding share-based awards was 3,388 performance units.

2017 Bonus deferrals

Deferral applies to all employees' annual bonuses. The proportion of annual bonus to be deferred into GAM shares by employees (other than GMB members) will be one-third of any annual bonus over CHF 75,000.

On 2 March 2018, the Group granted to certain employees GAM Holding AG shares as a variable deferred element of their total compensation for 2017. These shares will vest and be delivered in three equal tranches on the first three anniversaries of the grant date subject to recipients continuing to be employed with the Group on the vesting date. Other elements of the deferred bonuses are granted in the form of fund units.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

6. EMPLOYEE BENEFITS (CONTINUED)

2017 Bonus deferrals (continued)

- As at the date of grant, the aggregate fair value of these shares amounted to CHF 1,544,975 and is recognised as an expense over the relevant vesting period starting 1 January 2017. In 2018 an adjustment was recognised in relation to 2017 expenses resulting in an expense of £61,000 (2018: income £80,000).

2016 Long-Term Incentive Plan (LTIP)

On 26 October 2016, members of the Group Management Board and selected senior employees received an LTIP award, subject to the recipient continuing to be employed with the Group on the vesting date. Each award is split and will vest in three tranches.

The award was split equally between two components:

- Performance units linked to the Company's relative total shareholder return (rTSR);
- Stock options issued at a premium to the share price at grant.

Each award will be split and vest in three tranches.

The performance units (or 'rTSR units') are converted to shares based on the performance of GAM relative to a peer group. The conversion of performance units to shares varies linearly from the 50th (50% of rTSR units vesting) to the 75th percentile (100% of rTSR units vesting). The number of performance units converted will be capped at one share for each unit irrespective of relative

Participants received an LTIP award in the form of 156,153 performance units and 824,177 options. The options have an exercise period of six months after their vesting date and for the performance units the exercise date is the same as the vesting date. As at the date of grant, the aggregate fair value of the performance units amounted to CHF 2.5 million and the aggregate fair value of the options amounted to CHF 2.5 million. The fair value at grant date is recognised as an expense over the relevant vesting period. In 2019 an expense of £12,000 was recognised for the 2016 LTIP awards (2018: £48,000).

As at 31 December 2019, 6,183 (2018: 47,848) performance units and 7,725 (2018: 230,004) options have forfeited. The number of outstanding share-based awards at year-end is 17,731 performance units and 21,311 options.

	Options vested on 15-Mar-19	Options vesting on 15-Mar-20	Options vesting on 15-Mar-21
Fair value of rTSR units and assumptions			
Fair value of rTSR unit at grant date	4.89	4.79	4.69
Number of rTSR units outstanding	-	-	-
Average remaining contractual life (in months)	29	41	53
Share price at grant date	9.17	9.17	9.17
Expected volatility	33.00%	33.00%	34.00%
Expected dividend yield	5.00%	5.00%	5.00%
Risk-free interest rate	-0.65%	-0.60%	-0.53%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

6. EMPLOYEE BENEFITS (CONTINUED)

2016 Long-Term Incentive Plan (LTIP) (continued)

	Options vested on 15 March 2019	Options vesting on 15 March 2020	Options vesting on 15 March 2021
Fair value of "20% premium" share options and assumptions			
Fair value of options at grant date	0.85	0.96	1.10
Number of options outstanding	-	-	-
Average remaining contractual life (in months)	35	47	59
Share price at grant date	9.17	9.17	9.17
Exercise price	11.00	11.00	11.00
Expected volatility	33.00%	33.00%	34.00%
Expected dividend yield	5.00%	5.00%	5.00%
Risk-free interest rate	-0.65%	-0.60%	-0.53%

The "30% premium" share option has transferred to GAM Holding AG and therefore there are no outstanding options in GAM (U.K.) Limited Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

6. EMPLOYEE BENEFITS (CONTINUED)

Other share awards

Between 1 January 2017 and 31 July 2017 certain new employees were granted a total of 197,532 GAM Holding AG shares (thereof to a member of the GMB: 180,117 shares) with a fair value between CHF 8.55 and CHF 14.64 per share. The shares will vest in one to three equal tranches after a maximum of three years, subject to the recipients continuing to be employed with the Group on each vesting date.

As at the date of grant, the aggregate fair value of these options amounted to CHF 2.1 million (thereof to a member of the GMB: CHF 1.9 million) and is recognised as an expense over the relevant vesting period. In 2019 an expense of £308,000 was recognised (2018: £443,000)

Other option awards

Between 1 January 2017 and 6 March 2017 certain new employees were granted a total of 1,560,919 options (thereof to a member of the GMB: 1,016,949 options). Subject to certain terms and conditions, the Group will deliver one share in GAM Holding AG per option. The options will vest in either one or two tranches after a maximum of five years, subject to the recipients continuing to be employed with the Group on each vesting date.

As at the date of grant, the aggregate fair value of these options amounted to CHF 3.0 million (thereof to a member of the GMB: CHF 2.0 million) and is recognised as an expense over the relevant vesting period. In 2019 an expense of £23,000 was recognised (2018: £22,000)

The full value of any net liability is recognised in the balance sheet of the UK Group. The Defined Benefit Pension Scheme is valued every year by a professionally qualified independent Actuary. The

Pensions and other post-employment plans

GAM (U.K.) Limited operates a Defined Benefit Pension Scheme and a Defined Contribution Pension Scheme for its employees and those of the UK Group. Details of the Schemes are disclosed in the consolidated accounts of GAM (U.K.) Limited.

Costs are charged by GAM (U.K.) Limited to the Company based on the contributions paid on behalf of employees of the Company. The contribution rate for the Defined Benefit Pension Scheme in 2019 is 46.7% (2018: 46.7%) of pensionable payroll.

7. DIVIDENDS PAID AND PROPOSED

	2019	2018
	£000	£000
Declared and paid during the year	-	-
Total	-	-
Dividend paid per share (£)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

8. TRADE AND OTHER RECEIVABLES

	2019	2018
	£000	£000
Trade receivables	156	98
Receivable from related parties	3,211	3,833
Accrued income	1,032	506
Amounts due from holding company	7,488	11,912
	11,887	16,439

Trade receivables are non-interest bearing and are generally on 30 day terms. The net amount of sales tax receivable and sales tax payable is non-interest bearing and is remitted to the appropriate taxation authorities on a quarterly basis. Amount due from holding company is interest bearing. Interest is charged on the average month end balances at Bank of England base rate plus 0.25%.

9. CASH AND CASH EQUIVALENTS

	2019	2018
	£000	£000
Cash at bank	3,031	5,018
	3,031	5,018

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £3,031,000 (2018: £5,018,000). For the purposes of the statement of cash flows, cash and cash equivalents are shown in the table above.

10. ISSUED CAPITAL

	2019	2018
	£000	£000
Issued, called up and fully paid:		
2,025,000 ordinary shares of £1 each	2,025	2,025

There have been no shares issued or redeemed during the financial year ended 31 December 2019 (2018: nil). There are no preferences or restrictions attaching to any share class.

The UK Group manages its capital to ensure that the Company is able to operate as going concerns and exceeds any minimum externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

10. ISSUED CAPITAL (CONTINUED)

The Company is supervised in the UK by the FCA. The Company has put in place processes and controls to monitor compliance with the FCA regulatory requirements and no breaches were reported. Throughout the year, the Company held a surplus capital over regulatory requirements.

11. TRADE AND OTHER PAYABLES

	2019	2018
	£000	£000
Social security and other taxes	100	313
Accrued expenses	123	2,453
Amounts due to holding company	158	158
Payable to related parties	2,179	2,484
	2,560	5,408

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. Amount due to holding company is interest bearing. Interest is charged on the average month end balances at Bank of England base rate plus 0.25%.

12. PROVISIONS AND OTHER LIABILITIES

Restructuring

To reduce internal complexity and increase efficiency, management decided to launch a comprehensive restructuring programme.

The implementation of the 2018 restructuring programme involves several actions, including consolidating investment teams, optimising the distribution footprint, streamlining operations and support functions, refining the corporate structure and re-prioritising projects as part of the GAM Group's change programme to ensure efficiencies are achieved whilst continuing to enhance GAM's risk, control and IT capabilities. The restructuring measures are anticipated to be substantially completed by the end of 2019.

The £64,000 provision made in 2018 related to specific restructuring programme.

	Restructuring £000
Value as at 1 January 2019	64
Provisions used during the year	(64)
Value as at 31 December 2019	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2019

13. RELATED PARTY TRANSACTIONS

Amounts payable and receivable between related parties are due on demand. The following table provides the total amount of transactions which have been entered into with related parties, all of whom are part of the GAM Group, for the relevant financial year.

	Sales to related parties £000	Purchases from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
Related party - 2019	£000	£000	£000	£000
GAM Investment Australia	-	-	-	-
GAM (U.K.) Limited	-	6,230	7,488	158
GAM Capital Management (Switzerland) AG*	2,740	2,192	438	101
GAM Fund Management Limited	10,972	3,787	1,028	399
GAM (Luxembourg) S.A.	1,990	-	164	-
GAM Hong Kong Limited	91	446	5	32
GAM Japan Ltd	-	-	-	-
GAM International Management Limited	61	17	1,860	-
GAM Holding AG	7	-	479	491
GAM Limited	-	-	-	-
GAM Sterling Management Limited	1,388	218	122	20
GAM USA Inc	16	2	10	-
Related party - 2018	£000	£000	£000	£000
GAM (U.K.) Limited	-	-	50	-
GAM Capital Management (Switzerland) AG*	49	5,986	11,912	158
GAM Fund Management Limited	2,585	2,741	922	37
GAM (Luxembourg) S.A.	13,805	5,269	929	657
GAM Hong Kong Limited	2,306	-	45	-
GAM Japan Ltd	295	768	12	41
GAM International Management Limited	-	-	-	-
GAM Holding AG	422	28	-	-
GAM Limited	-	-	441	316
GAM Sterling Management Limited	5,804	1,510	1,432	1,432
GAM USA Inc	1,575	292	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

14. PARENT UNDERTAKING

The immediate parent undertaking into which the Company's financial statements are consolidated is GAM (U.K.) Limited, a company incorporated in the United Kingdom and registered in England and Wales

The ultimate parent undertaking and controlling party of the Company is GAM Holding AG, a company incorporated in Switzerland. The smallest group into which the financial statements of the Company are consolidated is headed by GAM (U.K.) Limited. The largest group into which the financial statements of the Company are consolidated is that headed by GAM Holding AG, Hardstrasse 201, CH-8037 Zurich, Switzerland. Copies of the ultimate parent's consolidated financial statements may be obtained from the Company Secretary.

15. SUBSEQUENT EVENTS

On 11 March 2020, the World Health Organisation declared the Coronavirus (Sars-CoV-2) outbreak to be a pandemic in recognition of its rapid spread across the globe. On 12 March the UK Chief Medical Officer raised the risk from moderate to high.

Concerns about the spread of coronavirus and the associated lung disease COVID-19 ("coronavirus disease 2019") are already having restrictive and significant consequences for the economy and companies, for example due to restrictions on production and trade or travel restrictions. The capital markets have experienced significant price corrections and an increase in risk premiums. Due to supply disruptions and demand shortfalls, economic growth is expected to be impaired in 2020, but this cannot be quantified yet. Possible effects on earnings would be bottlenecks in the supply chain, the loss of own employees or the inability to provide services and any related legal risks. Economic stimulus measures are being discussed, or have already been implemented, to stabilise the economy.

For the Company's financial statements as of 31 December 2019, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities in the 2019 financial statements.

The recent market developments are expected to result in lower assets under management and therefore in lower future cash flows. However, the financial impact of the coronavirus on the Company in the future cannot be assessed at present. The Board of Directors is taking appropriate actions to mitigate potential negative impacts on future cash flow streams.

The Board of Directors are not aware of any other events that have not been disclosed in the accounts between the reporting date and 22 June 2020 that would materially impact the financial statements or require disclosure.