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# GAM Funds

## Interim Report

for the period ended 30 June 2018 (unaudited)

## Table of Contents

Directory*	2
Authorised Corporate Director's Report*	3
Investment Objectives and Policy*	3
GAM Global Diversified*	4
GAM North American Growth*	11
GAM UK Diversified*	18
GAM Credit Opportunities (GBP)*	26
GAM Continental European Equity*	32
GAM Emerging Equity*	38
GAM UK Equity Income*	44
GAM Global Eclectic Equity Fund*	54
GAM European Systematic Value & Income*	61
General Information	63
Contact Details*	66

\*These reports with the addition of the fund review section and portfolio statement of each sub-fund comprise the Authorised Director's Report.

## Directory

### Board of the Authorised Corporate Director

**Andrew Hanges**

Director, GAM Sterling Management Limited  
(Resigned 22 May 2018)

**Darren Nicholls**

Head of Risk (UK), GAM Sterling Management Limited

**Douglas Branson**

Director, GAM Sterling Management Limited

**Daniel Caplan**

Director, GAM Sterling Management Limited

**Tom Dowd**

Director, GAM Sterling Management Limited

**Authorised Corporate Director****GAM Sterling Management Limited**

20 King Street, London SW1Y 6QY, United Kingdom  
(Authorised and Regulated by the Financial Conduct Authority)

**Investment Adviser****GAM International Management Limited**

20 King Street, London SW1Y 6QY, United Kingdom  
(Authorised and Regulated by the Financial Conduct Authority)

**Delegate Investment Adviser****Atlanticonnium SA**

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Case Postale 330  
CH-1211 Geneva 17  
Switzerland  
(regulated by the Swiss FINMA)

**Depository****State Street Trustees Limited**

20 Churchill Place, London E14 5HJ, United Kingdom  
(Authorised and Regulated by the Financial Conduct Authority)

**Independent Auditors**

PricewaterhouseCoopers Dublin  
One Spencer Dock, North Wall Quay, Dublin 1, Ireland

**Administrator**

State Street Bank and Trust Company, London Branch  
20 Churchill Place, London E14 5HJ, United Kingdom

**Transfer Agent and Facilities Agent in Ireland**

GAM Funds Management Limited  
George's Court  
54-62 Townsend Street, Dublin 2, Ireland

## Authorised Corporate Director's Report

The Authorised Corporate Director ("ACD") presents its report and unaudited interim report for the period to 30 June 2018.

GAM Funds (the "Company") was authorised by The Financial Conduct Authority ("FCA") on 2 May 1997 and was incorporated on 6 May 1997. GAM Funds qualifies as a wider-range investment under the Trustee Investments Act, 1961 and is an Open-Ended Investment Company ("OEIC") with variable capital. GAM Funds is structured as an umbrella company, consisting of various sub-funds ("Funds"). The shareholders will not be liable for the debts of the Company.

The ACD of the Company is GAM Sterling Management Limited, which is authorised and regulated by the FCA. The ACD is a subsidiary of GAM (U.K.) Limited, whose ultimate parent company is GAM Holding AG.

Prices are published daily on [www.gam.com](http://www.gam.com).

In accordance with the Statement of Recommended Practice ("SORP"), for Financial Statements of Authorised Funds issued by the Investment Association ("IA"), comparative figures for the Statement of Total Return and Statement of Change in Net Assets attributable to Shareholders and the related notes are for the interim ended 30 June 2017 and the comparative figures for the Balance Sheet, the related notes and the Portfolio Statement are for the year ended 31 December 2017.

This report is signed in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the FCA.

Darren Nicholls  
Director

Daniel Caplan  
Director

GAM Sterling Management Limited  
29 August 2018

## Investment Objectives and Policy

The investment objective and policy of each sub-fund is set out below. The base currency of each sub-fund is Pound Sterling.

### GAM Global Diversified

The objective of the Fund is to provide capital appreciation, primarily through investment in quoted securities on a worldwide basis.

### GAM North American Growth

The objective of the Fund is to provide capital appreciation, primarily through investment in quoted securities in the USA and Canada.

### GAM UK Diversified

The objective of the Fund is to provide capital appreciation, primarily through investment in quoted securities in the UK.

### GAM Credit Opportunities (GBP)

The objective of the Fund is to provide capital appreciation by investing at least 85 per cent of its net assets in the master fund, GAM Star Credit Opportunities (GBP), the investment objective of which is to achieve long-term capital gain in Sterling.

### GAM Continental European Equity

The objective of the Fund is to provide capital appreciation by investing at least 85 per cent of its net assets in the master fund, GAM Star Continental European Equity, the investment objective of which is to achieve long-term capital appreciation through investing primarily in quoted equity and equity related securities (including but not limited to warrants), listed on or dealt in Recognised Markets within the EU which are issued by companies with principal offices in Europe other than the United Kingdom.

### GAM Emerging Equity

The objective of the Fund is to provide capital appreciation by investing at least 85 per cent of its net assets in the master fund, GAM Multistock – Emerging Markets Equity Fund, the investment objective of which is to achieve longterm capital growth by investing at least two thirds of the assets in a portfolio of carefully selected shares and other equity securities of companies with their registered office or the major part of their business activities in emerging market countries.

### GAM European Systematic Value & Income

(Ceased trading on 28 September 2009)

The objective of the Fund was to provide capital appreciation and income generation, primarily through investment in quoted securities in Europe (excluding UK) and financial derivative instruments which gave exposure to such securities.

### GAM UK Equity Income

(Launched 30 October 2017)

The objective of the Fund is to provide income generation through investments primarily in UK equities. The Fund also seeks to achieve capital appreciation.

### GAM Global Eclectic Equity Fund

(Launched 26 February 2018)

The objective of the Fund is to provide capital appreciation, mainly through investment in equities on a worldwide basis.

## Commentary

The Fund fell 4.3% for the six months to 30 June 2018 (as measured by the A share class), compared to its benchmark the MSCI World index in sterling terms which rose by 3.2%.

2018 has started with a bang: January was a remarkably strong month for global equities, whereas the chill winds of February brought the first noticeable market correction since 2011. Early in the month a fall of over 5% in stock market indices on a single day, beginning in the US, was the first slide in excess of 3% in more than 400 trading days – the longest such record since the 1930s.

Companies reporting their earnings for the first quarter of the year allowed us to take a general view as to how fundamentals are progressing. Generally earnings reports were good, with holdings as diverse as Cap Gemini (IT Services), Patterson-UTI (oil drilling services), UPS (logistics), Royal Dutch Shell (energy), PepsiCo (snacks) and Lennar (US homebuilding) all reporting good underlying growth. Even those companies whose numbers were a little disappointing, such as Continental (auto electronics and tyres) and Rolls-Royce (aero engines), have had one-off issues in the first quarter, rather than problems that could reduce longer-term earnings potential.

May brought a rebounding US dollar, strong performance from US technology stocks and a sharp fall in our three eurozone bank holdings provided headwinds for the Fund. The overall value of the portfolio fell in GBP terms, underperforming the benchmark MSCI World Index.

A new coalition government was formed in Italy. Italian government bonds weakened and German Bunds rallied. The new “populist” administration could push to leave the euro, or otherwise damage the eurozone banks; share prices declined, both in Italian financials and across the Continent.

However, the new government’s announcements generally seem supportive. It aims to pursue a pro-growth agenda, boosting fiscal spending while cutting taxes.

The huge cost, and disruption, of a euro exit mean that the new administration is unlikely to pursue this. However, Unicredit, BNP Paribas and ING now trade at a wider discount to forecast medium-term intrinsic value. We are, therefore, monitoring them to see whether their valuations justify increasing positions.

We added Colgate to the fund. The company has several merits: strong brands across oral care, personal care and pet food; global distribution and a long-standing presence in most of the world’s largest emerging markets; a dedication to shareholder value; and strong growth prospects. In recent months, market concerns over its staple businesses – during a period of rising long-term rates – have led to a derating of the stock; it has fallen from nearly \$80 to around \$60, giving us an attractive entry point. Colgate has very attractive qualities: it achieves high returns on capital and constantly invests in its innovation, distribution and brand equity, further widening its competitive advantage. Therefore, we are optimistic about its long-term returns.

June was an uneventful month for global equities. The US dollar extended its recent strength against most major trading partners. The European Central Bank is to wind down its quantitative tightening policy in the last quarter of 2018. There was an escalation in ‘trade war’ fears. Emerging markets’ currencies and stock markets underperformed. However, markets have caught up with central banks’ thinking on the need for higher short-term rates and the global growth environment remains benign. Most emerging markets are no longer dependent on high levels of USD external debt and foreign capital inflows and can generate their own growth. In Europe, a slowdown in growth has recently caused significant underperformance of cyclically-exposed sectors. It now seems a good time to selectively increase weightings to some of these holdings.

The top holdings contributing to performance over the period were Apache, Nutrien and Frontline. The bottom holdings contributing to performance were UniCredit, BNP Paribas and Fastjet.

## Portfolio Analysis

Analysis, by geographical area	30 June 2018 %	31 December 2017 %
United States	37.63	12.39
United Kingdom	9.30	17.00
Italy	8.57	6.37
Japan	7.35	16.81
France	6.99	8.78
Canada	6.28	–
Germany	5.33	9.94
Netherlands	4.39	1.57
Ireland	4.10	–
Switzerland	2.37	2.20
Belgium	1.83	–
Singapore	1.66	–
Australia	0.54	–
South Africa	–	1.78
Spain	–	1.18
Greece	–	0.86
Sweden	–	0.78
Chile	–	0.42
Net other assets	3.66	19.92
Total net assets	100.00	100.00

Analysis, by industry sector	30 June 2018 %	31 December 2017 %
Banks	14.99	23.78
Energy	14.91	8.37
Materials	10.38	9.51
Food Beverage & Tobacco	8.55	1.42
Real Estate	7.95	0.97
Household & Personal Products	7.09	–
Consumer Durables & Apparel	6.48	–
Telecommunication Services	5.78	5.20
Transportation	5.15	0.85
Capital Goods	4.31	5.87
Health Care Equipment & Services	4.23	–
Software & Services	3.49	0.46
Automobiles & Components	1.82	–
Diversified Financials	1.21	2.20
Utilities	–	7.07
Media	–	7.00
Insurance	–	3.25
Commercial & Professional Services	–	1.49
Food & Staples Retailing	–	1.05
Technology Hardware & Equipment	–	0.78
Pharmaceuticals & Biotechnology	–	0.67
Retailing	–	0.14
Net other assets	3.66	19.92
Total net assets	100.00	100.00

Analysis, by investment	30 June 2018 %	31 December 2017 %
Equity Quoted	96.34	80.07
Equity Warrants	–	0.01
Net other assets	3.66	19.92
Total net assets	100.00	100.00

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
<b>United States 37.63% (December 2017: 12.39%)</b>			
177,762	Halliburton	6,067	4.41
142,153	Lennar	5,653	4.11
180,326	Mondelez International	5,600	4.07
63,560	United Parcel Service	5,114	3.72
127,074	Apache	4,500	3.27
40,331	PepsiCo	3,326	2.42
18,191	Becton Dickinson	3,301	2.40
209,941	Patterson-UTI Energy	2,862	2.08
53,776	Bunge	2,839	2.06
629,688	Frontline	2,785	2.02
55,605	Colgate-Palmolive	2,730	1.98
203,864	Coty	2,177	1.58
66,056	Synchrony Financial	1,670	1.21
71,595	Golar LNG	1,597	1.16
10,143	Intuit	1,570	1.14
		51,791	37.63
<b>United Kingdom 9.30% (December 2017: 17.00%)</b>			
115,890	Unilever	4,858	3.53
99,854	Royal Dutch Shell	2,710	1.97
586,790	Auto Trader	2,499	1.81
214,676	Rolls-Royce Voting Shares	2,121	1.54
7,021,528	Fastjet	606	0.44
15,241,996	Rolls-Royce	15	0.01
1,117,128	Fastjet Warrants Expiry date 31/07/2021	–	–
		12,809	9.30
<b>Italy 8.57% (December 2017: 6.37%)</b>			
484,617	UniCredit	6,127	4.45
5,317,304	Telecom Italia	2,997	2.18
5,408,073	Telecom Italia Saving Shares	2,676	1.94
		11,800	8.57
<b>Japan 7.35% (December 2017: 16.81%)</b>			
282,300	Mitsubishi Estate	3,739	2.72
204,100	Mitsui Fudosan	3,732	2.71
89,718	Sumitomo Mitsui Financial	2,642	1.92
		10,113	7.35
<b>France 6.99% (December 2017: 8.78%)</b>			
123,680	BNP Paribas	5,818	4.23
112,188	Cie de Saint-Gobain	3,797	2.76
		9,615	6.99
<b>Canada 6.28% (December 2017: 0.00%)</b>			
139,332	Nutrien	5,738	4.17
1,029,277	Guyana Goldfields	2,910	2.11
		8,648	6.28

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
	<b>Germany 5.33% (December 2017: 9.94%)</b>		
208,150	TAG Immobilien	3,466	2.52
14,525	Continental	2,512	1.82
54,832	Deutsche Post	1,356	0.99
		7,334	5.33
	<b>Netherlands 4.39% (December 2017: 1.57%)</b>		
553,790	ING	6,037	4.39
		6,037	4.39
	<b>Ireland 4.10% (December 2017: 0.00%)</b>		
210,915	CRH	5,642	4.10
		5,642	4.10
	<b>Switzerland 2.37% (December 2017: 2.20%)</b>		
50,924	Cie Financiere Richemont	3,268	2.37
		3,268	2.37
	<b>Belgium 1.83% (December 2017: 0.00%)</b>		
124,070	Ion Beam Applications	2,513	1.83
		2,513	1.83
	<b>Singapore 1.66% (December 2017: 0.00%)</b>		
1,333,600	Singapore Telecommunications	2,282	1.66
		2,282	1.66
	<b>Australia 0.54% (December 2017: 0.00%)</b>		
141,280	Afterpay Touch	739	0.54
		739	0.54
	<b>Total Investments</b>	<b>132,591</b>	<b>96.34</b>
	<b>Net other assets</b>	<b>5,044</b>	<b>3.66</b>
	<b>Total net assets</b>	<b>137,635</b>	<b>100.00</b>

All holdings are equities and represent securities quoted on a Listed Securities Market, unless otherwise stated.  
Stocks shown as ADR's represent American Depositary Receipts.

**Statement of Material Portfolio Changes**

for the period 1 January 2018 to 30 June 2018

Major purchases	Cost £'000	Major Sales	Proceeds £'000
UniCredit	7,344	Commerzbank	14,952
Mondelez International	7,174	Orange	13,314
Lennar	7,080	Credit Suisse	10,151
BNP Paribas	7,015	Engie	9,402
ING	7,005	Royal Bank of Scotland	9,171
Halliburton	5,904	BP	9,118
United Parcel Service	5,851	Pearson	8,570
Nutrien	5,771	Newmont Mining	8,480
CRH	5,756	Secom	6,745
Marks & Spencer	4,872	RWE	6,663
International Business Machines	4,829	Citigroup	6,643
Fujitsu	4,772	General Electric	5,816
Cie de Saint-Gobain	4,550	Mitsubishi UFJ Financial	5,432
Telefonica	4,443	Sacyr	5,196
Unilever	4,332	Vivendi	4,855
AngloGold Ashanti	4,202	Resona	4,520
Mitsui Fudosan	3,522	Leonardo-Finmeccanica	3,729
Cie Financiere Richemont	3,192	Tokyo Broadcasting System	3,322
PepsiCo	3,183	Saipem	3,184
Royal Dutch Shell	3,180	CK Hutchison	3,039
Total purchases for the period	164,609	Total sales for the period	193,598



## Statement of Total Return

for the period 1 January 2018 to 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital (losses)/gains		(18,986)		6,601
Revenue	3,028		5,988	
Expenses	(1,469)		(3,299)	
Interest payable and similar charges	(181)		(19)	
Net revenue before taxation	1,378		2,670	
Taxation	(139)		(266)	
Net revenue after taxation		1,239		2,404
<b>Total return before equalisation</b>		<b>(17,747)</b>		<b>9,005*</b>
Equalisation		(30)		(132)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(17,777)</b>		<b>8,873</b>

\* Prior year figure has been restated. There has been no change to the closing net assets.

## Statement of Change in Net Assets Attributable to Shareholders

for the period 1 January 2018 to 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>463,970</b>		<b>575,024</b>
Amounts receivable on creation of shares	4,989		18,980	
Less: Amounts payable on cancellation of shares	(313,547)		(96,409)	
		(308,558)		(77,429)
Change in net assets attributable to shareholders from investment activities		(17,777)		8,873
<b>Closing net assets attributable to shareholders</b>		<b>137,635</b>		<b>506,468</b>

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

**Balance Sheet**

as at 30 June 2018

	30 June 2018 £'000	31 December 2017 £'000
<b>Assets:</b>		
Fixed Assets:		
Investments	132,591	371,538
Current assets:		
Debtors	3,381	282
Cash and bank balances	2,029	97,239
<b>Total assets</b>	<b>138,001</b>	<b>469,059</b>
<b>Liabilities:</b>		
Creditors:		
Bank overdrafts	–	(2,098)
Distribution payable	–	(366)
Other creditors	(366)	(2,625)
<b>Total other liabilities</b>	<b>(366)</b>	<b>(5,089)</b>
<b>Net Assets Attributable to Shareholders</b>	<b>137,635</b>	<b>463,970</b>

**Notes to the Financial Statements****Basis for preparation**

The financial statements comprise the interim financial statements for each of the sub-funds and have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014.

## Net Asset Value and Comparative Tables

	June 2018	December 2017	December 2016
<b>Income Shares</b>			
Closing net asset value (£'000)	12,128	12,877	14,345
Closing number of shares	325,684	330,748	382,884
Closing net asset value per share (p)	3,723.87	3,893.23	3,746.45
Ongoing charges figure	1.51%	1.52%	1.56%
	June 2018	December 2017	December 2016
<b>Accumulation Shares</b>			
Closing net asset value (£'000)	38,783	76,500	102,343
Closing number of shares	779,605	1,470,934	2,050,297
Closing net asset value per share (p)	4,974.77	5,200.77	4,991.62
Ongoing charges figure	1.52%	1.52%	1.56%
	June 2018	December 2017	December 2016
<b>Institutional Class – Income Shares</b>			
Closing net asset value (£'000)	46,263	47,586	59,687
Closing number of shares	2,411,527	2,377,956	3,099,905
Closing net asset value per share (p)	1,918.39	2,001.14	1,925.43
Ongoing charges figure	1.06%	1.07%	1.11%
	June 2018	December 2017	December 2016
<b>Institutional Class – Accumulation Shares</b>			
Closing net asset value (£'000)	40,461	327,007	398,650
Closing number of shares	2,048,268	15,869,952	20,248,155
Closing net asset value per share (p)	1,975.38	2,060.53	1,968.82
Ongoing charges figure	1.09%	1.07%	1.11%

**Manager:** Gordon Grender

## Commentary

The Fund rose 4.7% for the six months to 30 June 2018 (as measured by the A class), compared to its benchmark the S&P 500 Index in GBP which rose 5.2%.

The US stock market began 2018 in very much the same vein as it saw the old year out, with a unilateral move higher very much indicative of the type of indiscriminate rally we have become accustomed to in a liquidity-driven world. However, stocks began to sell off as the month drew to a close, when rising US Treasury yields ignited concerns that rising interest rates could douse the bull market.

Having outperformed in both November and December, the Fund began the year on the back foot, with unrewarding stock selection, principally in the retail and consumer discretionary sectors, undermining returns. At the stock level, our overweight position in Conn's proved one of the largest detractors, as the stock came under pressure following a particularly strong run that had seen its share price appreciate by around 200% in aggregate during 2017. On a more positive note, our favoured defense-related stocks featured among the list of top contributors, with both Northrop Grumman and Lockheed Martin posting solid performance over the month.

The US stock market finally ended its streak of 13 consecutive monthly gains in February, as investors globally switched into risk-off mode. Sentiment was initially buffeted when the US Department of Labor released a strong jobs report showing wages rising at their fastest rate since the Great Recession, which reignited inflationary fears. Subsequently, in his inaugural testimony to Congress, newly-appointed Fed Governor Powell presented an upbeat assessment of the strength of the domestic economy as well as a more hawkish stance than his predecessor, putting into play the prospect of more than the anticipated three rate hikes for the year. The market environment during February served as a timely reminder that expectations of Fed policy shifts are a key factor in determining not only US, but global, investor sentiment.

US equities were marginally positive during April, a welcome development after the heightened volatility of the first quarter. The market was partly buoyed by a good first-quarter reporting season. During the month, Paul Ryan, the Speaker of the US House of Representatives, announced that he would not seek re-election, leaving a void at the top of the Republican Party. The market interpreted this as meaning that major legislative changes before the 2018 mid-term elections were now unlikely. The Fund's best contributor during the month was Phillips66, a diversified energy manufacturing and logistics company. During April, the company announced first-quarter earnings of USD 524 million, as well as a new pipeline project. US stocks performed well in May, despite a noisier than usual backdrop due to a step up in geopolitical tensions, a re-introduction of sanctions against Iran, and further escalation of the trade war the US is waging with several of its closest trading partners. The technology sector led the way, closely followed by the energy sector; the main laggards were the consumer staples and telecom sectors, both of which are considered bond proxies. The strongest performing stock in the portfolio was ICU Medical. Late in the month it was reported that the company was in very early stage talks with British engineering firm Smiths Group Plc regarding a potential merger with the latter's medical division.

Trade pressures continued to weigh on markets in June, with the more cyclical sectors such as financials and industrials lagging, and the more defensive areas such as consumer staples and utilities faring relatively well. Overall the market was in positive territory, with the S&P up by 0.6% in US dollar terms.

Key contributor during the month was Conns Inc, a specialty retailer of durable consumer goods, which added 1.8%. Early in June the company announced earnings results for the quarter ended April 30 2018: this stated that operating income was \$32,764,000 against \$20,182,000 a year ago. The main detractor during the month was Hunstman Corporation.

Little has happened during the month to change our outlook for US equities, which remains broadly positive, though we are cognisant of the fact that, several years into an expansionary phase of the economic cycle, valuations are elevated across the market. While there are many reasons to be positive, given the impact of tax reform on an already strong macroeconomic environment, many economic commentators are getting increasingly nervous over the prospects for the US economy two years down the road, as the likely impact of rising rates takes effect and the pro-growth policies start to wash

through. The recent uptick in defensive names and the sell off in cyclically exposed industrials suggest that some market participants may be preparing for a tougher environment, and retreating to dependable names that can offer stable growth in turbulent times. Our strategy, as ever, is to be extremely vigilant and selective in deploying capital.

The top holdings contributing to performance during 2018 were ICU Medical, Infinity Property & Casualty and Philips 66. The bottom contributing holdings were Owens Corning, Fred's A and Quanta Services.

## Portfolio Analysis

Analysis, by geographical area	30 June 2018 %	31 December 2017 %
United States	90.31	93.61
Canada	1.18	1.02
Net other assets	8.51	5.37
Total net assets	100.00	100.00

Analysis, by industry sector	30 June 2018 %	31 December 2017 %
Capital Goods	26.25	27.86
Retailing	16.01	16.61
Insurance	12.70	11.49
Health Care Equipment & Services	9.97	9.47
Energy	8.12	8.20
Materials	6.64	10.47
Household & Personal Products	5.04	4.35
Food Beverage & Tobacco	4.82	4.31
Semiconductors & Semiconductor Equipment	1.15	0.99
Commercial & Professional Services	0.28	0.32
Pharmaceuticals & Biotechnology	0.22	0.27
Diversified Financials	0.16	0.16
Real Estate	0.13	0.13
Software & Services	0.00	0.00
Net other assets	8.51	5.37
Total net assets	100.00	100.00

Analysis, by investment	30 June 2018 %	31 December 2017 %
Equity Quoted	91.49	94.63
Net other assets	8.51	5.37
Total net assets	100.00	100.00

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
<b>United States</b>			
<b>Capital Goods 26.25% (December 2017: 27.86%)</b>			
280,000	ESCO Technologies	12,237	5.84
50,000	Northrop Grumman	11,653	5.56
50,000	Lockheed Martin	11,188	5.34
370,000	Quanta Services	9,360	4.46
200,000	DXP Enterprises	5,787	2.76
100,000	Owens Corning	4,800	2.29
		55,025	26.25
<b>Retailing 16.01% (December 2017: 16.61%)</b>			
500,000	Conn's	12,498	5.96
280,000	Penske Automotive	9,936	4.74
18,000	AutoZone	9,147	4.36
1,126,000	Fred's	1,945	0.93
75,000	Christopher & Banks	53	0.02
		33,579	16.01
<b>Insurance 12.70% (December 2017: 11.49%)</b>			
130,000	Infinity Property & Casualty	14,017	6.69
177,000	WR Berkley	9,708	4.63
30,000	Chubb	2,886	1.38
		26,611	12.70
<b>Health Care Equipment &amp; Services 9.97% (December 2017: 9.47%)</b>			
94,000	ICU Medical	20,907	9.97
		20,907	9.97
<b>Energy 8.12% (December 2017: 8.20%)</b>			
120,000	Phillips 66	10,208	4.87
300,000	Williams Companies	6,160	2.94
20,845	WPX Energy	285	0.13
180,000	Superior Drilling Products	264	0.12
35,341	Halcon Resources	118	0.06
		17,035	8.12
<b>Materials 5.46% (December 2017: 9.45%)</b>			
415,000	Huntsman	9,178	4.38
150,000	Synalloy	2,267	1.08
		11,445	5.46
<b>Household &amp; Personal Products 5.04% (December 2017: 4.35%)</b>			
262,800	Church & Dwight	10,582	5.04
		10,582	5.04
<b>Food Beverage &amp; Tobacco 4.82% (December 2017: 4.31%)</b>			
155,000	Post	10,099	4.82
		10,099	4.82

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
	<b>Semiconductors &amp; Semiconductor Equipment 1.15% (December 2017: 0.99%)</b>		
143,750	ON Semiconductor	2,421	1.15
		2,421	1.15
	<b>Commercial &amp; Professional Services 0.28% (December 2017: 0.32%)</b>		
25,000	LSC Communications	297	0.14
66,666	RR Donnelly	291	0.14
		588	0.28
	<b>Pharmaceuticals &amp; Biotechnology 0.22% (December 2017: 0.27%)</b>		
83,940	Insys Therapeutics	460	0.22
		460	0.22
	<b>Diversified Financials 0.16% (December 2017: 0.16%)</b>		
25,000	Donnelley Financial Solution	329	0.16
		329	0.16
	<b>Real Estate 0.13% (December 2017: 0.13%)</b>		
6,000	Consolidated Tomoka Land	280	0.13
		280	0.13
	<b>Software &amp; Services 0.00% (December 2017: 0.00%)</b>		
88,000	Clarent	–	–
229,449	SoftBrands	–	–
		–	–
	<b>Canada</b>		
	<b>Materials 1.18% (December 2017: 1.02%)</b>		
60,000	Nutrien	2,471	1.18
		2,471	1.18
	<b>Total Investments</b>	<b>191,832</b>	<b>91.49</b>
	<b>Net other assets</b>	<b>17,843</b>	<b>8.51</b>
	<b>Total net assets</b>	<b>209,675</b>	<b>100.00</b>

All holdings are equities and represent securities quoted on a Listed Securities Market, unless otherwise stated.

## Statement of Material Portfolio Changes

for the period 1 January 2018 to 30 June 2018

The Fund made no purchases during the period

Total Sales	Proceeds £'000
Monsanto	9,563
ICU Medical	7,220
Northrop Grumman	2,508
Lockheed Martin	2,508
Phillips 66	2,072
Infinity Property & Casualty	1,609
WR Berkley	1,371
Huntsman	833
Penske Automotive	702
Post	659
Conn's	577
Quanta Services	274
Gerber Scientific Contingent Shares	6
Total sales for the period	29,902

## Statement of Total Return

for the period 1 January 2018 to 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		9,645		(7,619)
Revenue	1,304		1,868	
Expenses	(1,111)		(1,430)	
Interest payable and similar charges	(1)		(1)	
Net revenue before taxation	192		437	
Taxation	(190)		(271)	
Net expenses after taxation		2		166
<b>Total return before equalisation</b>		<b>9,647</b>		<b>(7,453)</b>
Equalisation		–		(11)*
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>9,647</b>		<b>(7,464)</b>

\*Prior year figure has been restated. There has been no change to the closing net assets.

## Statement of Change in Net Assets Attributable to Shareholders

for the period 1 January 2018 to 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>224,220</b>		<b>291,615</b>
Amounts receivable on creation of shares	8,465		4,449	
Less: Amounts payable on cancellation of shares	(32,657)		(53,903)	
		(24,192)		(49,454)
Change in net assets attributable to shareholders from investment activities		9,647		(7,464)
<b>Closing net assets attributable to shareholders</b>		<b>209,675</b>		<b>234,697</b>

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.



## Balance Sheet

as at 30 June 2018

	30 June 2018 £'000	31 December 2017 £'000
<b>Assets:</b>		
Fixed Assets:		
Investments	191,832	212,189
Current assets:		
Debtors	238	1,396
Cash and bank balances	18,523	12,607
<b>Total assets</b>	<b>210,593</b>	<b>226,192</b>
<b>Liabilities:</b>		
Creditors:		
Distribution payable	–	(189)
Other creditors	(918)	(1,783)
<b>Total other liabilities</b>	<b>(918)</b>	<b>(1,972)</b>
<b>Net Assets Attributable to Shareholders</b>	<b>209,675</b>	<b>224,220</b>

## Notes to the Financial Statements

### Basis for preparation

The financial statements comprise the interim financial statements for each of the sub-funds and have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014.

## Net Asset Value and Comparative Tables

	June 2018	December 2017	December 2016
<b>Income Shares</b>			
Closing net asset value (£'000)	9,781	10,158	13,308
Closing number of shares	248,877	270,618	372,031
Closing net asset value per share (p)	3,929.84	3,753.48	3,577.16
Ongoing charges figure	1.59%	1.59%	1.61%
	June 2018	December 2017	December 2016
<b>Accumulation Shares</b>			
Closing net asset value (£'000)	24,674	26,690	30,575
Closing number of shares	503,498	570,225	685,417
Closing net asset value per share (p)	4,900.51	4,680.59	4,460.72
Ongoing charges figure	1.59%	1.59%	1.60%
	June 2018	December 2017	December 2016
<b>Institutional Class – Income Shares</b>			
Closing net asset value (£'000)	100,646	105,582	136,495
Closing number of shares	3,957,270	4,359,402	5,938,482
Closing net asset value per share (p)	2,543.32	2,421.93	2,298.48
Ongoing charges figure	0.99%	0.99%	1.02%
	June 2018	December 2017	December 2016
<b>Institutional Class – Accumulation Shares</b>			
Closing net asset value (£'000)	74,574	81,791	111,237
Closing number of shares	2,899,576	3,339,592	4,794,372
Closing net asset value per share (p)	2,571.89	2,449.13	2,320.15
Ongoing charges figure	0.99%	0.99%	1.01%

## Commentary

The Fund fell 0.8% for the six months to 30 June 2018 (as measured by the A share class), compared to its benchmark the FTSE All-Share Index in GBP which rose by 1.7%.

With the change in Manager, a number of changes have been made to the Fund to align it with the new team's process. This centres on finding cash generative companies which are being overlooked by the market. The characteristics of the Fund suggests it sits at the value end of the investment spectrum, however the focus on cash flow steers it clear of the structurally challenged, deeper value parts of the market.

At the start of the February it emerged that wages in the US grew faster than anticipated, which fuelled inflation expectations. Markets fell across the globe as this led to a reassessment of the outlook for interest rates and bond yields. Looking at the performance of individual sectors suggests the market behaved relatively rationally, as those areas with bond-like characteristics sold off while beneficiaries of rising interest rates held up better. This marked a reversal in the momentum theme that has driven markets over recent years and potentially bodes well for stock pickers and value investors.

The Fund fell during February, alongside a decline posted by the FTSE All-Share. This was a frustrating outcome as on paper the Fund appeared well positioned, having no consumer goods and a significant allocation to banks. However, much of the gap can be explained by the poor performance of development stage pharmaceutical company Vernalis. The company reported poor sales from Tuzistra, its prescription cough syrup, which led it to consider alternative strategies for its US business. A more detailed update is expected in the coming weeks. The weight in the portfolio is now relatively small, so any further share price weakness should have a contained impact on the Fund. There have been some positive developments with Royal Mail continuing to perform strongly after reaching agreements with the unions.

April was a strong month for UK equities with the FTSE All-Share returning 6.4% on a total returns basis in its best monthly performance for almost five years. The Fund performed in line with this. Notable contributions came from Greencore, Total, Tesco, QinetiQ and FirstGroup. The Fund's underweight stance towards consumer goods also proved helpful. Having met the management, we bought a new position in BT towards the end of March and added to it in April. We consider the shares to be good value versus European peers and they pay a meaningful dividend, which is backed up by a strong balance sheet. We believe clarity on pension-fund contributions and the BT Openreach strategy should propel the shares higher.

The FTSE All-Share index had another positive month, returning 2.8% in May. This was a good outcome considering Europe ex-UK fell on the back of political uncertainty, and emerging markets suffered as a strong US dollar amplified country-specific problems.

Mid-caps were the main driver of the Fund's positive return over the month, with Virgin Money, QinetiQ and Shoe Zone standing out as the best performers. More specifically, Virgin Money received an approach from CYBG to potentially create the largest challenger bank in the UK. QinetiQ came out with a supportive full-year trading statement and Shoe Zone reported positive revenue growth for the more recent six-month period, which is a considerable achievement, given the retail environment alluded to above.

Despite the rollercoaster ride, the UK market ended June close to where it started the year. Trade tensions, tighter financial conditions globally and political uncertainties are behind this volatility. This has been most pronounced in emerging markets where some equity indices are well below where they started the year. The UK market continues to be sensitive to currency swings, with the recent fall in sterling helping to boost the miners and other overseas earners. In addition, the resumption of sanctions on Iran has provided further support to the oil companies.

In light of this unsettled backdrop, it is reassuring to deliver performance ahead of the benchmark over the last quarter. The Fund has achieved this despite having a domestic tilt, no exposure to miners and an underweight stance to the energy sector.

While some parts of the market look extended, we have found, and continue to find, some really exciting opportunities. A strong sell discipline has also helped to realise gains from Royal Mail. Some of our names have also been boosted by corporate activity and we expect this to continue as we are unearthing some genuinely cheap, cash generative companies that are reinvesting in the business while paying a progressive dividend.

The top holdings contributing to performance over the period were Virgin Money, BP and Qinetig Group. The bottom holdings contributing to performance were Fastjet, Vernalis and Micro Focus International.

## Portfolio Analysis

Analysis, by geographical area	30 June 2018 %	31 December 2017 %
United Kingdom	76.90	85.66
France	4.70	–
Ireland	3.73	–
Switzerland	3.39	–
Finland	1.99	–
Forward currency contracts	(0.02)	–
Net other assets	9.31	14.34
Total net assets	100.00	100.00

Analysis, by industry sector	30 June 2018 %	31 December 2017 %
Banks	10.76	16.41
Food Beverage & Tobacco	9.78	1.72
Energy	9.32	6.75
Commercial & Professional Services	8.19	7.17
Insurance	7.60	10.57
Capital Goods	7.50	5.31
Transportation	6.84	6.14
Pharmaceuticals & Biotechnology	5.44	1.95
Technology Hardware & Equipment	4.72	–
Retailing	4.18	3.55
Real Estate	3.07	5.05
Utilities	2.98	2.30
Food & Staples Retailing	2.90	8.70
Telecommunication Services	2.76	3.45
Consumer Services	2.20	0.80
Fixed Interest	1.54	–
Software & Services	0.79	1.28
Media	0.14	2.43
Health Care Equipment & Services	–	1.50
Automobiles & Components	–	0.58
Forward currency contracts	(0.02)	–
Net other assets	9.31	14.34
Total net assets	100.00	100.00

Analysis, by investment	30 June 2018 %	31 December 2017 %
Equity Quoted	89.17	85.65
Equity Warrants	–	0.01
Fixed Interest	1.54	–
Forward currency contracts	(0.02)	–
Net other assets	9.31	14.34
Total net assets	100.00	100.00

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
<b>United Kingdom</b>			
<b>Banks 10.76% (December 2017: 16.41%)</b>			
566,444	Virgin Money UK	2,078	4.01
3,256,823	Lloyds Banking	2,053	3.96
765,506	Barclays	1,447	2.79
		5,578	10.76
<b>Insurance 7.60% (December 2017: 10.57%)</b>			
518,847	Legal & General	1,380	2.66
311,754	Direct Line Insurance	1,069	2.06
630,476	Saga	792	1.53
92,550	Phoenix	626	1.21
43,190	Phoenix Rights Issue 10/07/2018	71	0.14
		3,938	7.60
<b>Capital Goods 7.50% (December 2017: 5.31%)</b>			
513,527	QinetiQ	1,385	2.67
386,791	Morgan Crucible	1,263	2.43
264,353	Senior	803	1.55
100,000	Eurocell	264	0.50
50,000	Cohort	183	0.35
		3,898	7.50
<b>Transportation 6.84% (December 2017: 6.14%)</b>			
331,211	National Express	1,330	2.56
414,557	Wincanton	1,078	2.08
8,959,837	Fastjet	773	1.49
53,812	Northgate	219	0.42
180,900	Firstgroup	151	0.29
1,509,491	Fastjet Warrants Expiry date 31/07/2021	–	–
		3,551	6.84
<b>Commercial &amp; Professional Services 6.20% (December 2017: 7.17%)</b>			
202,247	Babcock International	1,654	3.19
362,828	G4S	971	1.87
106,055	De La Rue	590	1.14
		3,215	6.20
<b>Food Beverage &amp; Tobacco 6.05% (December 2017: 1.72%)</b>			
62,409	Imperial Brands	1,761	3.40
372,090	Bakkavor	718	1.38
330,375	Devro	657	1.27
		3,136	6.05

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
	<b>Energy 5.96% (December 2017: 6.75%)</b>		
363,292	BP	2,101	4.05
157,799	John Wood	991	1.91
		3,092	5.96
	<b>Retailing 4.18% (December 2017: 3.55%)</b>		
785,816	Shoe Zone	1,493	2.88
194,712	Halfords	676	1.30
		2,169	4.18
	<b>Technology Hardware &amp; Equipment 3.38% (December 2017: 0.00%)</b>		
1,070,063	Strix	1,751	3.38
		1,751	3.38
	<b>Real Estate 3.07% (December 2017: 5.05%)</b>		
166,528	Land Securities	1,593	3.07
		1,593	3.07
	<b>Utilities 2.98% (December 2017: 2.30%)</b>		
194,300	Pennon	1,544	2.98
		1,544	2.98
	<b>Food &amp; Staples Retailing 2.90% (December 2017: 8.70%)</b>		
585,316	Tesco	1,502	2.90
		1,502	2.90
	<b>Telecommunication Services 2.76% (December 2017: 3.45%)</b>		
657,863	BT	1,433	2.76
		1,433	2.76
	<b>Consumer Services 2.20% (December 2017: 0.80%)</b>		
462,897	Rank	886	1.71
89,700	Restaurant	252	0.49
		1,138	2.20
	<b>Pharmaceuticals &amp; Biotechnology 2.05% (December 2017: 1.95%)</b>		
69,581	GlaxoSmithKline	1,064	2.05
		1,064	2.05
	<b>Fixed Interest 1.54% (December 2017: 0.00%)</b>		
874,000	AA 5.5% 31/07/2043 Corporate Bond	801	1.54
		801	1.54
	<b>Software &amp; Services 0.79% (December 2017: 1.28%)</b>		
30,955	Micro Focus International	410	0.79
		410	0.79

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets			
	<b>Media 0.14% (December 2017: 2.43%)</b>					
25,969	Tarsus	74	0.14			
		74	0.14			
	<b>France</b>					
	<b>Energy 3.36% (December 2017: 0.00%)</b>					
37,749		1,743	3.36			
		1,743	3.36			
	<b>Technology Hardware &amp; Equipment 1.34% (December 2017: 0.00%)</b>					
10,188	Ingenico	694	1.34			
		694	1.34			
	<b>Ireland</b>					
	<b>Food Beverage &amp; Tobacco 3.73% (December 2017: 0.00%)</b>					
1,039,724	Greencore	1,933	3.73			
		1,933	3.73			
	<b>Switzerland</b>					
	<b>Pharmaceuticals &amp; Biotechnology 3.39% (December 2017: 0.00%)</b>					
10,460	Roche	1,760	3.39			
		1,760	3.39			
	<b>Finland</b>					
	<b>Commercial &amp; Professional Services 1.99% (December 2017: 0.00%)</b>					
71,033	Lassila & Tikanoja	1,034	1.99			
		1,034	1.99			
	<b>Forward Currency Contracts (0.02%) (December 2017: 0.00%)</b>					
Sale Currency	Contractual Amount	Purchase Currency	Contractual Amount	Maturity Date	Market Value £'000	% of Net Assets
CHF	(2,116,810)	GBP	1,615,781	2018-07-27	(0)	(0.00)
EUR	(3,940,198)	GBP	3,476,168	2018-07-27	(11)	(0.02)
					(11)	(0.02)
	<b>Total Investments ^</b>				<b>47,040</b>	<b>90.69</b>
	<b>Net other assets</b>				<b>4,830</b>	<b>9.31</b>
	<b>Total net assets</b>				<b>51,870</b>	<b>100.00</b>

All holdings are equities and represent securities quoted on a Listed Securities Market, unless otherwise stated.

^ Including derivative liabilities.

## Statement of Material Portfolio Changes

for the period 1 January 2018 to 30 June 2018

Major purchases	Cost £'000	Major Sales	Proceeds £'000
Roche	3,603	Royal Bank Of Scotland	6,432
TOTAL	3,177	Aviva	5,648
Greencore	2,510	Rentokil Initial	4,449
National Express	2,138	Rsa Insurance	3,891
Legal & General	2,009	J Sainsbury	3,852
Virgin Money UK	1,973	BP	3,759
Imperial Brands	1,972	Royal Mail	3,366
Pennon	1,797	BT	3,251
Strix	1,694	Lloyds Banking	2,303
Babcock International	1,629	Pearson	2,262
Phoenix	1,628	Marks & Spencer	2,227
Shoe Zone	1,605	Centrica	2,207
Direct Line Insurance	1,594	Standard Chartered	2,163
Micro Focus International	1,569	Smiths	2,109
John Wood	1,552	Serco	2,058
G4S	1,528	Wm Morrison Supermarkets	1,957
Senior	1,502	British Land	1,807
BT	1,458	TOTAL	1,615
Laird	1,455	Roche	1,611
Morgan Advanced Materials	1,433	Tate & Lyle	1,599
Total purchases for the period	57,982	Total sales for the period	88,003

## Statement of Total Return

for the period 1 January 2018 to 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital (losses)/gains		(2,539)		5,032
Revenue	1,200		4,049	
Expenses	(417)		(1,560)	
Interest payable and similar charges	(2)		–	
Net revenue before taxation	781		2,489	
Taxation	(10)		(31)	
Net expenses after taxation		771		2,458
<b>Total return before equalisation</b>		<b>(1,768)</b>		<b>7,490</b>
Equalisation		(81)		(165)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(1,849)</b>		<b>7,325</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 1 January 2018 to 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>92,964</b>		<b>286,856</b>
Amounts receivable on creation of shares	535		15,262	
Less: Amounts payable on cancellation of shares	(39,793)		(63,518)	
		(39,258)		(48,256)
Dilution levy		13		32
Change in net assets attributable to shareholders from investment activities		(1,849)		7,325
<b>Closing net assets attributable to shareholders</b>		<b>51,870</b>		<b>245,957</b>

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.



## Balance Sheet

as at 30 June 2018

	30 June 2018 £'000	31 December 2017 £'000
<b>Assets</b>		
Fixed Assets:		
Investments	47,051	79,637
Current assets:		
Debtors	164	417
Cash and bank balances	4,853	20,104
<b>Total assets</b>	<b>52,068</b>	<b>100,158</b>
<b>Liabilities:</b>		
Investment liabilities	(11)	–
Creditors:		
Distribution payable	–	(240)
Other creditors	(187)	(6,954)
<b>Total other liabilities</b>	<b>(198)</b>	<b>(7,194)</b>
<b>Net Assets Attributable to Shareholders</b>	<b>51,870</b>	<b>92,964</b>

## Notes to the Financial Statements

### Basis for preparation

The financial statements comprise the interim financial statements for each of the sub-funds and have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014.

## Net Asset Value and Comparative Tables

	June 2018	December 2017	December 2016
<b>Income Shares</b>			
Closing net asset value (£'000)	5,384	5,894	6,688
Closing number of shares	400,734	435,188	512,674
Closing net asset value per share (p)	1,343.61	1,354.39	1,304.51
Ongoing charges figure	1.63%	1.64%	1.59%
	June 2018	December 2017	December 2016
<b>Accumulation Shares</b>			
Closing net asset value (£'000)	17,232	20,826	26,262
Closing number of shares	819,835	982,955	1,299,143
Closing net asset value per share (p)	2,101.83	2,118.70	2,021.52
Ongoing charges figure	1.63%	1.64%	1.59%
	June 2018	December 2017	December 2016
<b>Institutional Class – Income Shares</b>			
Closing net asset value (£'000)	10,041	13,187	23,753
Closing number of shares	644,631	841,678	1,574,209
Closing net asset value per share (p)	1,557.72	1,566.70	1,508.90
Ongoing charges figure	1.18%	1.19%	1.14%
	June 2018	December 2017	December 2016
<b>Institutional Class – Accumulation Shares</b>			
Closing net asset value (£'000)	19,213	53,057	230,152
Closing number of shares	1,140,015	3,130,179	14,295,016
Closing net asset value per share (p)	1,685.29	1,695.01	1,610.01
Ongoing charges figure	1.18%	1.18%	1.13%

# GAM Credit Opportunities (GBP)

**Manager:** Anthony Smouha/Gregoire Mivelaz, ATLANTICOMNIUM S.A.

## Commentary

The Fund fell 3.6% for the six months to 30 June 2018 (as measured by the Institutional class), compared to its benchmark the Barclays Sterling Aggregate Corporate Total Return Index which fell 1.9%.

The first quarter of 2018 saw a decline in Fund performance due mainly to weak markets and in part due to a well-publicised Aviva preference share announcement. 2017 was a very strong year, so in January we felt prices were getting closer to fair value. Now with spreads having widened, prices have fallen and credit quality has improved. During the quarter we took advantage of favourable prices and we bought several issues denominated in euros from HSBC and Royal Bank of Scotland, and in US dollars from Julius Baer Group, Louis Dreyfus and Trafigura, which were hedged back to sterling. As we have highlighted in previous reports the yield on our fixed rate securities are significantly above those of UK Gilts with many of them still earning 5% to 6% or more for names such as Lloyds Bank and Royal Bank of Scotland. Thus, over time they will be less affected by rises in government yields. In March, preferred securities suffered due to the threat, which was subsequently withdrawn by Aviva, that they could apply for a vote by shareholders to redeem them at par. While the securities have recovered, they are still well below previous levels. Within the Fund, some of the holdings were sold, but the remainder have been held for their more attractive yields. The fundamental results of our companies, both the banks and insurers, continue to show progress in the multi-year process of capital strengthening. This reinforces their value within the context of historically wide credit spreads.

The second quarter of 2018 saw a decline of 1.82% in the GBP institutional share class of the Fund, despite the fact that there were no specific credit events. There was a risk-off environment in May, which continued into June, and, therefore, a setback in the price of the majority of holdings. Fundamental results for our credits were credit positive, yet spreads continued to widen. This has created good opportunities for long-term investors as spreads have widened significantly above fair value and do not reflect the strong underlying credit quality of issuers in the portfolio. During the quarter, we bought the sterling issue 4.478% Quilter 2028 which has a coupon reset in 2023; we also added to a number of holdings in US dollars and Euro, which were then hedged back to sterling for names such as Julius Baer, Citadel, EFG, HSBC, Leucadia and Trafigura. The income provided by our portfolio – with its blend of fixed rate, fixed-to-floating bonds and discounted floating-rate notes – continues to provide an attractive return, as well as some potential for capital gains.

We have for some time positioned the Fund in anticipation of a normalisation in interest rates, even if this takes longer than originally anticipated. Yield is a significant component of returns with a yield-to-maturity of 5.15% compared with 2.75% for the benchmark.

## Outlook

During the quarter, the 10-year Gilt yield declined from 1.35% to 1.28%. However, there are wide interest-rate spreads on our bonds, which mainly represent investment-grade companies with interest yields accruing 5%-6% per annum. Most of our long-dated securities yield over 5% and we have many high-coupon bonds with likely calls in the next few years, as well as fixed-to-floating bonds and some discounted floating-rate notes. Fundamentally, the results of our financial companies continue to show capital strengthening and we believe that currently wide interest spreads should compress over time. Although we can expect rising rates due to inflation, and there may be unexpected twists and turns in the Brexit negotiations, interest rate hikes are likely to remain limited in absolute terms; this is because growth remains weak, there are structural deflationary forces in place (due to the impact of cost-cutting and technology), and sterling has recently stabilised. Therefore, our current high yields should continue to be beneficial given returns elsewhere remain low.

## Portfolio Analysis

Analysis, by geographical area	30 June 2018 %	31 December 2017 %
Ireland	99.81	99.97
Net other assets	0.19	0.03
Total net assets	100.00	100.00

Analysis, by investment	30 June 2018 %	31 December 2017 %
Bond Fund	99.81	99.97
Net other assets	0.19	0.03
Total net assets	100.00	100.00

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
	<b>Collective Investment Schemes 99.81% (December 2017: 99.97%)</b>		
3,150,742	GAM Star Credit Opportunities Fund GBP Z Acc †	32,805	99.81
	<b>Total Investments</b>	<b>32,805</b>	<b>99.81</b>
	<b>Net other assets</b>	<b>63</b>	<b>0.19</b>
	<b>Total net assets</b>	<b>32,868</b>	<b>100.00</b>

All investments are Collective Investment Schemes unless otherwise stated.

† A related party to the Fund.

## GAM Credit Opportunities (GBP)

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### Statement of Material Portfolio Changes

for the period 1 January 2018 to 30 June 2018

Total purchases	Cost £'000	Total Sales	Proceeds £'000
GAM Star Credit Opportunities Fund GBP Z Acc	16,261	GAM Star Credit Opportunities Fund GBP Z Acc	2,730
Total purchases for the period	16,261	Total sales for the period	2,730

## Statement of Total Return

for the period 1 January 2018 to 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital (losses)/gains		(954)		1
Revenue	–		–	
Expenses	(143)		–	
Interest payable and similar charges	–		–	
Net revenue before taxation	(143)		–	
Taxation	–		–	
Net expenses after taxation		(143)		–
<b>Total return before equalisation</b>		<b>(1,097)</b>		<b>1</b>
Equalisation		–		–
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(1,097)</b>		<b>1</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 1 January 2018 to 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>20,233</b>		<b>–</b>
Amounts receivable on creation of shares	16,384		197	
Less: Amounts payable on cancellation of shares	(2,652)		(3)	
		13,732		194
Change in net assets attributable to shareholders from investment activities		(1,097)		1
<b>Closing net assets attributable to shareholders</b>		<b>32,868</b>		<b>195</b>

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

## GAM Credit Opportunities (GBP)

### Balance Sheet

as at 30 June 2018

	30 June 2018 £'000	31 December 2017 £'000
<b>Assets:</b>		
Fixed Assets:		
Investments	32,805	20,226
Current assets:		
Debtors	384	176
Cash and bank balances	4	7
<b>Total assets</b>	<b>33,193</b>	<b>20,409</b>
<b>Liabilities:</b>		
Creditors:		
Other creditors	(325)	(176)
<b>Total other liabilities</b>	<b>(325)</b>	<b>(176)</b>
<b>Net Assets Attributable to Shareholders</b>	<b>32,868</b>	<b>20,233</b>

### Notes to the Financial Statements

#### Basis for preparation

The financial statements comprise the interim financial statements for each of the sub-funds and have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014.

## Net Asset Value and Comparative Tables

	June 2018	December 2017
<b>Institutional Class – Income Shares (1)</b>		
Closing net asset value (£'000)	2,261	58
Closing number of shares	226,986	5,614
Closing net asset value per share (p)	996.03	1,033.54
Ongoing charges figure	1.16%	1.17%
	June 2018	December 2017
<b>Institutional Class – Accumulation Shares (2)</b>		
Closing net asset value (£'000)	30,607	20,175
Closing number of shares	2,978,550	1,892,075
Closing net asset value per share (p)	1,027.59	1,066.26
Ongoing charges figure	1.16%	1.26%

(1) Share class launched on 25 September 2017.

(2) Share class launched on 24 May 2017.



# GAM Continental European Equity

Manager: Niall Gallagher

## Commentary

The Fund rose 0.7% for the six months to 30 June 2018 (as measured by the Institutional share class), compared to its benchmark the MSCI Europe ex-UK Net Index in GBP which fell by 1.7%.

At the start of 2018, the valuation of the European equity market is no longer as cheap as it was during the eurozone crises years of 2012-13 with a prospective price/earnings ratio of approximately 15 times the MSCI Europe index. However, the earnings power of the European equity market is still depressed versus historical levels and with growing economies and expanding earnings we believe it makes more sense to consider the European equity market on 'normalised' earnings basis; this suggests European equities are still moderately valued and by no means expensive versus history. The Fund enjoyed a strong start to the year, performing well in both absolute and relative terms during January.

Markets were buffeted by a range of macroeconomic and political uncertainties in February and March. These included fears of an impending global trade war, anxiety about the intensifying political pressure on global technology stocks on both sides of the Atlantic as well as concerns over the downward inflection in PMIs in Continental Europe and the high valuation of US equities. Amid all the noise, however, we did not see anything that changes our view on the attractiveness of the European equity asset class.

European equity markets staged a strong bounce back in April which coincided with the start of a good Q1 earnings season and some positive – albeit very short term / high frequency- economic data.

European ex-UK equity markets were slightly down in May, following a strong performance in April. The key market event in May 2018 was the return of political volatility in the eurozone, with the dramas surrounding the appointment of a new government in Italy as well as a replacement government in Spain: the market was a lot more fixated by the former, as demonstrated by some dramatic moves in bond yields.

Equity markets were relatively flat throughout June, in contrast with the drama of recent months, yet there was a noticeable rotation across sectors which has carried on into the early part of July. This rotation has seen sectors such as telecommunications, pharmaceuticals and utilities outperform at the expense of technology and consumer discretionary. In our view, there are two potential explanations for this mini-rotation:

1. A catch up/reversion of those sectors that had previously significantly underperformed funded by selling those that had significantly outperformed
2. A defensive switch from cyclical/economically sensitive sectors into more defensive sectors.

The key point we want to make is that we struggle to see evidence for a significant change in economic fundamentals either from market and economic analysis or what we are hearing from our investee companies. We think some commentators have extrapolated what was a slowdown in the rate of growth from well above trend levels to 'decent' growth levels and have drawn the wrong conclusions. Considering both potential explanations for a market rotation we consider neither to be convincing and consequently do not believe that the recent market rotation will be maintained and that stock specific fundamentals will remain key.

## Portfolio Analysis

Analysis, by geographical area	30 June 2018 %	31 December 2017 %
Ireland	99.56	100.07
Net other assets /(liabilities)	0.44	(0.07)
Total net assets	100.00	100.00

Analysis, by investment	30 June 2018 %	31 December 2017 %
Equity Funds	99.56	100.07
Net other assets /(liabilities)	0.44	(0.07)
Total net assets	100.00	100.00

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
	<b>Collective Investment Schemes 99.56% (December 2017: 100.07%)</b>		
874,684	GAM Star Continental European Equity Fund GBP Z Acc †	8,998	99.56
	<b>Total Investments</b>	<b>8,998</b>	<b>99.56</b>
	<b>Net other assets</b>	<b>40</b>	<b>0.44</b>
	<b>Total net assets</b>	<b>9,038</b>	<b>100.00</b>

All investments are Collective Investment Schemes unless otherwise stated.

† A related party to the Fund.

# GAM Continental European Equity

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## Statement of Material Portfolio Changes

for the period 1 January 2018 to 30 June 2018

<b>Total purchases</b>	<b>Cost £'000</b>
GAM Star Continental European Equity Fund GBP Z Acc	10,971
Total purchases for the period	10,971

<b>Total sales</b>	<b>Proceeds £'000</b>
GAM Star Continental European Equity Fund GBP Z Acc	6,841
Total sales for the period	6,841

## Statement of Total Return

for the period 1 January 2018 to 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		299		(1)
Revenue	–		–	
Expenses	(37)		–	
Net revenue before taxation	(37)		–	
Taxation	–		–	
Net expenses after taxation		(37)		–
<b>Total return before equalisation</b>		<b>262</b>		<b>(1)</b>
Equalisation		–		–
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>262</b>		<b>(1)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 1 January 2018 to 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>4,566</b>		<b>–</b>
Amounts receivable on creation of shares	11,028		100	
Less: Amounts payable on cancellation of shares	(6,818)		–	
		4,210		100
Change in net assets attributable to shareholders from investment activities		262		(1)
<b>Closing net assets attributable to shareholders</b>		<b>9,038</b>		<b>99</b>

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

## Balance Sheet

as at 30 June 2018

	30 June 2018 £'000	31 December 2017 £'000
<b>Assets:</b>		
Fixed Assets:		
Investments	8,998	4,569
Current assets:		
Debtors	358	87
Cash and bank balances	–	–
<b>Total assets</b>	<b>9,356</b>	<b>4,656</b>
<b>Liabilities:</b>		
Creditors:		
Other creditors	(318)	(90)
<b>Total other liabilities</b>	<b>(318)</b>	<b>(90)</b>
<b>Net Assets Attributable to Shareholders</b>	<b>9,038</b>	<b>4,566</b>

## Notes to the Financial Statements

### Basis for preparation

The financial statements comprise the interim financial statements for each of the sub-funds and have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014.

## Net Asset Value and Comparative Tables

	June 2018	December 2017
<b>Institutional Class – Accumulation Shares (1)</b>		
Closing net asset value (£'000)	9,038	4,566
Closing number of shares	885,491	450,598
Closing net asset value per share (p)	1,020.73	1,013.26
Ongoing charges figure	0.94%	1.07%

(1) Share class launched on 24 May 2017.

## Commentary

The Fund fell 7.4% for the six months to 30 June 2018 (as measured by the Institutional share class), compared to its benchmark, the MSCI Emerging Markets Index in GBP which fell 4.4%

The MSCI Emerging Markets index (net of withholding tax) fell by 15.1% in US dollar terms from its peak on 26 January to the end of the second quarter. Year-to-date the market and our Fund performance have both been more volatile than usual. Why so, and what are our updated views? At the end of January, the Fund was up 3.2% (0.2% ahead of the benchmark). Although we continued to voice our support for EM equities on fundamental and valuation ground at the end of January, we were cognisant that the market had enjoyed a spectacular 2017 and a superb follow-on rally into the first weeks of the new year. We also acknowledged that markets tend to consolidate gains of this nature. As such, we trimmed some extended cyclical names in this post run up period such as Kazakmys, Ganfeng Lithium and Pampa Argentina, to name a few. Sure enough the consolidation came – and continued with increasing intensity up to the close of the review period. The drivers of this inevitable consolidation include:

- Significant US dollar strength – helped by a strong short squeeze and self-fulfilling risk-off sentiment, perpetuating short-term dollar safe haven flows.
- Another taper tantrum, as US economic data continued to positively surprise despite tighter US capacity constraints.
- Increased fears that a “Global Trade War” will hurt EM economies.

US growth remained positive as US infrastructure and tax stimuli worked their way through to the reality of stronger economic growth and higher UST terminal Fed Funds rates for this cycle. New UST 10-year consensus target rates of 3.5% rose to 4%. As a result, sentiment fell for all marginal assets. The above factors led to an inevitable consolidation in the extended EM cyclical, with the exception of select commodity plays such as oil (which drove through USD 80 on Iraqi and Venezuelan supply-side arguments). Meanwhile, the most vulnerable carry trade currencies slid harshly – Turkish lira, Argentine peso and the South African rand to name a few. “Risk-off moves” also permeated better quality positive carries – Brazilian Real / Mexican peso and Russian rouble. This is less intuitive since the latter two countries are beneficiaries of higher oil prices. With EM Currencies in aggregate down (relative to the US dollar) over 10% YTD and the key positive carry trades at circa 65% down from all-time 2014 highs, a lot is “in the price”. This is especially so as many EM Credits have increased their resilience and credit worthiness over the past five years.

## Year to Date Performance

However, the key for us though was not the above; it was in fact the case that our non-correlated investments, (A-shares in China plus our VARP plays – Vietnam, Argentina, Romania and Pakistan), acted in a more correlated fashion, during this taper tantrum / dollar up period than usual. In aggregate, this contributed 164bps of our YTD underperformance.

## Outlook

In conclusion, we remain positive on the outlook for the second-half of 2018 for a number of compelling reasons: Unchallenging EM equity Valuations, sentiment, index composition, robust EPS expansion and re-rating potential, plus a much stronger / more resilient credit profile vs. previous cycles. All of these constitute potentially strong tailwinds for further upside. In essence, it is a rare asset class that offers such a compelling risk return for value, growth and “search for yield” investors at Investment grade. But most appealing to us is the risk return: In falling equity environments, the EM equity asset class does not involve as large a tail risk as in previous cycles – due to the low levels of its positive carry trade currency balances. In short, the EM equity asset class exhibits, a similar risk downside to the S&P 500 (SPX) and Nasdaq indices but not greater in our humble opinion. Given the potential for considerable further relative upside vs. SPX/ Nasdaq or Russell 2000, we view this as a very favourable risk / return entry point for equity investors. We are starting to buy into this weakness. Normally if it's painful, it's right.

## Portfolio Analysis

Analysis, by geographical area	30 June 2018 %	31 December 2017 %
Luxembourg	94.02	98.18
Net other assets	5.98	1.82
Total net assets	100.00	100.00

Analysis, by industry sector	30 June 2018 %	31 December 2017 %
Collective Investment Schemes	94.02	98.18
Net other assets	5.98	1.82
Total net assets	100.00	100.00

Analysis, by investment	30 June 2018 %	31 December 2017 %
Equity Quoted	94.02	98.18
Net other assets	5.98	1.82
Total net assets	100.00	100.00

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
	<b>Collective Investment Schemes 94.02% (December 2017: 98.18%)</b>		
4,047	GAM Emerging Equity Fund GBP 1a†	409	94.02
	<b>Total Investments</b>	<b>409</b>	<b>94.02</b>
	<b>Net other assets</b>	<b>26</b>	<b>5.98</b>
	<b>Total net assets</b>	<b>435</b>	<b>100.00</b>

All investments are Collective Investment Schemes unless otherwise stated.

† A related party to the Fund.



## Statement of Material Portfolio Changes

for the period 1 January 2018 to 30 June 2018

<b>Total purchases</b>	<b>Cost £'000</b>
GAM Emerging Equity Fund GBP 1a	336
Total purchases for the period	336

<b>Total Sales</b>	<b>Proceeds £'000</b>
GAM Emerging Equity Fund GBP 1a	6
Total sales for the period	6

## Statement of Total Return

for the period 1 January 2018 to 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital losses		(29)		(2)
Revenue	–		–	
Expenses	(2)		–	
Interest payable and similar charges	–		–	
Net revenue before taxation	(2)		–	
Taxation	–		–	
Net expenses after taxation		(2)		–
<b>Total return before equalisation</b>		<b>(31)</b>		<b>(2)</b>
Equalisation		–		–
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(31)</b>		<b>(2)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 1 January 2018 to 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>110</b>		<b>–</b>
Amounts receivable on creation of shares	360		100	
Less: Amounts payable on cancellation of shares	(4)		–	
		<b>356</b>		<b>100</b>
Change in net assets attributable to shareholders from investment activities		(31)		(2)
<b>Closing net assets attributable to shareholders</b>		<b>435</b>		<b>98</b>

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

## Balance Sheet

as at 30 June 2018

	30 June 2018 £'000	31 December 2017 £'000
<b>Assets:</b>		
Fixed Assets:		
Investments	409	108
Current assets:		
Debtors	26	–
Cash and bank balances	1	2
<b>Total assets</b>	<b>436</b>	<b>110</b>
<b>Liabilities:</b>		
Creditors:		
Other creditors	(1)	–
<b>Total other liabilities</b>	<b>(1)</b>	<b>–</b>
<b>Net Assets Attributable to Shareholders</b>	<b>435</b>	<b>110</b>

## Notes to the Financial Statements

### Basis for preparation

The financial statements comprise the interim financial statements for each of the sub-funds and have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014.

## Net Asset Value and Comparative Tables

	June 2018	December 2017
<b>Institutional Class – Accumulation Shares (1)</b>		
Closing net asset value (£'000)	435	110
Closing number of shares	42,822	10,000
Closing net asset value per share (p)	1,015.40	1,096.29
Ongoing charges figure	1.15%	1.25%

(1) Share class launched on 26 June 2017.

# GAM UK Equity Income

Manager: Adrian Gosden

## Commentary

The Fund rose 2.2% for the six months to 30 June 2018 (as measured by the Institutional share class), compared to its benchmark, the FTSE All-Share Index in GBP which rose 1.7%.

When we launched the Fund we were cognisant that some areas of the market, like consumer staples, house builders and the miners appeared fully valued. We continue to avoid these popular areas, instead preferring to concentrate on those cash generative companies where management has articulated to us a clear and sensible strategy of growing the business and funding a progressive dividend. While we continue to believe this is the right approach, the Fund's relative performance lagged during January due to its underweight stance towards the miners and negative return from food producer Greencore. Right at the end of the month, Greencore announced an encouraging trading update. Away from the portfolio, there were some sizeable share price moves. Carillion fell into liquidation and the new CEO of Capita launched a rights issue to shore up the balance sheet. Thankfully, our focus on cash flow steered us clear of both names.

The market fell in February and March sparked by expectations of rising inflation. This stemmed from strong employment data and the first tangible evidence of wage growth, which led to a reassessment of the outlook for interest rates and bond yields. Looking at the performance of individual sectors suggests the market behaved relatively rationally, as those areas with bond-like characteristics sold off while beneficiaries of rising interest rates held up better.

April was a strong month for UK equities with the FTSE All-Share returning its best monthly performance for almost five years. The Fund performed ahead of the Index. Notable contributions came from Greencore, Total, FirstGroup, QinetiQ and Babcock. The Fund's underweight stance towards consumer goods also proved helpful. Having met the management, we bought a new position in BT towards the end of March and added to it in April. We consider the shares to offer good value versus European peers and they pay a meaningful dividend, which is backed up by a strong balance sheet. We believe clarity on pension-fund contributions and the BT Openreach strategy should propel the shares higher. The purchase was financed by inflows into the strategy.

The FTSE All-Share index had another positive month, returning 2.8% in May. This was a good outcome considering Europe ex-UK fell on the back of political uncertainty, and emerging markets suffered as a strong US dollar amplified country-specific problems.

Despite the rollercoaster ride, the UK market ended June close to where it started the year. Trade tensions, tighter financial conditions globally and political uncertainties are behind the current market volatility. This has been most pronounced in emerging markets, where some equity indices are well below where they started the year. The UK market continues to be sensitive to currency swings, with the recent fall in sterling helping to boost the miners and other overseas earners. Also, the resumption of sanctions on Iran has provided added support to the oil companies. In light of this unsettled backdrop, it is reassuring to deliver performance ahead of the benchmark on a quarter and year-to-date basis. The Fund has achieved this despite having a domestic tilt, no exposure to miners, and an underweight stance to the energy sector.

In terms of other activity, we are pleased to report the fund generated a yield of 2.0% at the interim stage, which will be paid to shareholders at the end of August.

While some parts of the market look extended, we have found, and continue to find, some exciting opportunities. A strong sell discipline has also helped to realise gains from the likes of Royal Mail and Dignity. Some of our names have also been boosted by corporate activity and we expect this to continue as we are unearthing some genuinely cheap, cash-generative companies that are reinvesting in the business while paying a progressive dividend.

The top holdings contributing to performance during the period were Virgin Money, Royal Mail and Dignity. The bottom performing holdings were Greencore, AA and Micro Focus International.

## Portfolio Analysis

Analysis, by geographical area	30 June 2018 %	31 December 2017 %
United Kingdom	72.89	85.20
France	7.07	5.88
Belgium	3.33	–
Switzerland	2.95	4.15
Ireland	2.68	–
Finland	0.58	1.91
Denmark	–	1.13
Forward currency contracts	(0.02)	0.10
Net other assets	10.52	1.63
Total net assets	100.00	100.00

Analysis, by industry sector	30 June 2018 %	31 December 2017 %
Commercial & Professional Services	10.24	7.99
Banks	9.79	10.94
Food Beverage & Tobacco	9.32	7.03
Capital Goods	9.22	9.36
Energy	7.12	10.78
Transportation	5.58	10.35
Telecommunication Services	5.55	1.02
Insurance	5.43	7.79
Pharmaceuticals & Biotechnology	4.85	6.04
Utilities	3.32	2.24
Household & Personal Products	2.93	–
Retailing	2.90	3.48
Media	2.49	1.81
Real Estate	2.47	5.89
Technology Hardware & Equipment	2.36	4.86
Software & Services	1.87	1.90
Food & Staples Retailing	1.57	2.20
Consumer Services	1.28	2.59
Fixed Interest	1.21	–
Consumer Durables & Apparel	–	1.13
Non-sector specific	–	0.87
Forward currency contracts	(0.02)	0.10
Net other assets	10.52	1.63
Total net assets	100.00	100.00

Analysis, by investment	30 June 2018 %	31 December 2017 %
Equity Quoted	88.29	98.27
Fixed Interest	1.21	–
Forward currency contracts	(0.02)	0.10
Net other assets	10.52	1.63
Total net assets	100.00	100.00

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
<b>United Kingdom</b>			
<b>Commercial &amp; Professional Services 9.66% (December 2017: 6.08%)</b>			
985,194	Wilmington	2,374	2.52
234,319	Babcock International	1,916	2.03
672,678	G4S	1,801	1.91
290,385	De La Rue	1,615	1.72
1,224,764	Arena Events	799	0.85
449,106	GYG	595	0.63
		9,100	9.66
<b>Capital Goods 9.22% (December 2017: 9.36%)</b>			
855,671	QinetiQ	2,308	2.45
467,438	Senior	1,420	1.51
668,484	Volution	1,314	1.40
473,849	Eurocell	1,251	1.33
326,976	Cohort	1,193	1.27
364,279	Morgan Advanced Materials	1,190	1.26
		8,676	9.22
<b>Banks 7.92% (December 2017: 10.94%)</b>			
5,585,591	Lloyds Banking	3,522	3.74
673,746	Virgin Money UK	2,472	2.62
775,612	Barclays	1,466	1.56
		7,460	7.92
<b>Transportation 5.58% (December 2017: 10.35%)</b>			
971,881	Wincanton	2,527	2.68
586,735	National Express	2,356	2.50
56,422	Northgate	230	0.24
178,479	Firstgroup	149	0.16
		5,262	5.58
<b>Insurance 5.43% (December 2017: 7.79%)</b>			
648,907	Legal & General	1,726	1.83
1,135,856	Saga	1,427	1.52
308,648	Direct Line Insurance	1,058	1.12
120,305	Phoenix	814	0.86
56,142	Phoenix Rights	93	0.10
		5,118	5.43
<b>Food Beverage &amp; Tobacco 5.30% (December 2017: 7.03%)</b>			
72,539	Imperial Brands	2,047	2.17
836,425	Bakkavor	1,614	1.71
670,371	Devro	1,333	1.42
		4,994	5.30

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
	<b>Energy 4.64% (December 2017: 6.98%)</b>		
433,379	BP	2,506	2.66
296,930	John Wood	1,864	1.98
		4,370	4.64
	<b>Telecommunication Services 3.54% (December 2017: 0.00%)</b>		
1,528,816	BT	3,330	3.54
		3,330	3.54
	<b>Utilities 3.32% (December 2017: 2.24%)</b>		
217,154	Pennon	1,725	1.83
167,441	National Grid	1,404	1.49
		3,129	3.32
	<b>Retailing 2.90% (December 2017: 3.48%)</b>		
793,876	Shoe Zone	1,508	1.60
352,247	Halfords	1,222	1.30
		2,730	2.90
	<b>Media 2.49% (December 2017: 1.81%)</b>		
823,865	Tarsus	2,348	2.49
		2,348	2.49
	<b>Real Estate 2.47% (December 2017: 5.89%)</b>		
243,094	Land Securities	2,326	2.47
		2,326	2.47
	<b>Pharmaceuticals &amp; Biotechnology 1.90% (December 2017: 1.89%)</b>		
116,774	GlaxoSmithKline	1,786	1.90
		1,786	1.90
	<b>Software &amp; Services 1.87% (December 2017: 1.90%)</b>		
67,964	Micro Focus International	900	0.96
669,955	PROACTIS	854	0.91
		1,754	1.87
	<b>Technology Hardware &amp; Equipment 1.65% (December 2017: 3.80%)</b>		
948,709	Strix	1,552	1.65
		1,552	1.65
	<b>Food &amp; Staples Retailing 1.57% (December 2017: 2.20%)</b>		
574,066	Tesco	1,474	1.57
		1,474	1.57
	<b>Consumer Services 1.28% (December 2017: 2.59%)</b>		
248,540	Restaurant	699	0.74
264,836	Rank	507	0.54
		1,206	1.28

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
	<b>Fixed Interest 1.21% (December 2017: 0.00%)</b>		
1,240,000	AA 5.5% 31/07/2043 Corporate Bond	1,137	1.21
		1,137	1.21
	<b>Household &amp; Personal Products 0.94% (December 2017: 0.00%)</b>		
373,123	Warpaint London	886	0.94
		886	0.94
	<b>France</b>		
	<b>Energy 2.48% (December 2017: 3.80%)</b>		
50,688	TOTAL	2,340	2.48
		2,340	2.48
	<b>Telecommunication Services 2.01% (December 2017: 1.02%)</b>		
149,279	Orange	1,893	2.01
		1,893	2.01
	<b>Banks 1.87% (December 2017: 0.00%)</b>		
55,229	Societe Generale	1,764	1.87
		1,764	1.87
	<b>Technology Hardware &amp; Equipment 0.71% (December 2017: 1.06%)</b>		
9,774	Ingenico	666	0.71
		666	0.71
	<b>Belgium</b>		
	<b>Household &amp; Personal Products 1.99% (December 2017: 0.00%)</b>		
112,379	Ontex	1,869	1.99
		1,869	1.99
	<b>Food Beverage &amp; Tobacco 1.34% (December 2017: 0.00%)</b>		
16,535	Anheuser-Busch InBev	1,265	1.34
		1,265	1.34
	<b>Switzerland</b>		
	<b>Pharmaceuticals &amp; Biotechnology 2.95% (December 2017: 4.15%)</b>		
16,517	Roche	2,779	2.95
		2,779	2.95
	<b>Ireland</b>		
	<b>Food Beverage &amp; Tobacco 2.68% (December 2017: 0.00%)</b>		
1,358,804	Greencore	2,526	2.68
		2,526	2.68
	<b>Finland</b>		
	<b>Commercial &amp; Professional Services 0.58% (December 2017: 1.91%)</b>		
37,201	Lassila & Tikanoja	542	0.58
		542	0.58



## Portfolio Statement

as at 30 June 2018

Holdings	Description				Market Value £'000	% of Net Assets
	Denmark					
	Consumer Durables & Apparel 0.00% (December 2017: 1.13%)					
	Forward Currency Contracts (0.02)% (December 2017: 0.10%)					
Sale Currency	Contractual Amount	Purchase Currency	Contractual Amount	Maturity Date	Market Value £'000	% of Net Assets
EUR	(2,578,150)	GBP	1,967,926	2018-07-27	(1)	–
EUR	(6,278,937)	GBP	5,539,479	2018-07-27	(16)	(0.02)
					(17)	(0.02)
	<b>Total Investments ^</b>				<b>84,265</b>	<b>89.48</b>
	<b>Net other assets</b>				<b>9,911</b>	<b>10.52</b>
	<b>Total net assets</b>				<b>94,176</b>	<b>100.00</b>

All holdings are equities and represent securities quoted on a Listed Securities Market, unless otherwise stated.

^ Including derivative liabilities.

## Statement of Material Portfolio Changes

for the period 1 January 2018 to 30 June 2018

Major purchases	Cost £'000	Major Sales	Proceeds £'000
BT	3,369	Royal Mail	1,218
Lloyds Banking	2,628	Dignity	930
Tarsus	2,199	Laird	501
Ontex	2,178	British Land	473
Wincanton	2,140	Firstgroup	272
Wilmington	2,052	Pandora	248
Societe Generale	1,996	Land Securities	239
Roche	1,902	Micro Focus International	204
Greencore	1,831	Barclays	200
Land Securities	1,827	Northgate	159
National Express	1,748	AA	108
Orange	1,692	Devro	86
De La Rue	1,635	Rank	48
Imperial Brands	1,467	Halfords	33
Virgin Money UK	1,458		
QinetiQ	1,443		
National Grid	1,406		
John Wood	1,403		
G4S	1,398		
Bakkavor	1,390		
Total purchases for the period	66,309	Total sales for the period	4,719

## Statement of Total Return

for the period 1 January 2018 to 30 June 2018

	30 June 2018	
	£'000	£'000
<b>Income</b>		
Net capital gains		1,389
Revenue	913	
Expenses	(142)	
Interest payable and similar charges	(1)	
Net revenue before taxation	770	
Taxation	(13)	
Net expenses after taxation		757
<b>Total return before equalisation</b>		<b>2,146</b>
Equalisation		(800)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>1,346</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 1 January 2018 to 30 June 2018

	30 June 2018	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>21,463</b>
Amounts receivable on creation of shares	71,135	
Less: Amounts payable on cancellation of shares	(453)	
		70,682
Dilution levy		88
Change in net assets attributable to shareholders from investment activities		1,346
Retained distribution on accumulation shares		597
<b>Closing net assets attributable to shareholders</b>		<b>94,176</b>

Fund launched on 30 October 2017.

**Balance Sheet**

as at 30 June 2018

	30 June 2018 £'000	31 December 2017 £'000
<b>Assets:</b>		
Fixed Assets:		
Investments	84,282	21,119
Current assets:		
Debtors	1,980	114
Cash and bank balances	11,147	403
<b>Total assets</b>	<b>97,409</b>	<b>21,636</b>
<b>Liabilities:</b>		
Investment liabilities	(17)	(5)
Creditors:		
Distribution payable	(1,228)	(1)
Other creditors	(1,988)	(167)
<b>Total other liabilities</b>	<b>(3,233)</b>	<b>(173)</b>
<b>Net Assets Attributable to Shareholders</b>	<b>94,176</b>	<b>21,463</b>

**Notes to the Financial Statements****Basis for preparation**

The financial statements comprise the interim financial statements for each of the sub-funds and have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014.

## Net Asset Value and Comparative Tables

	June 2018	December 2017
<b>Z Distribution – Income Shares (1)</b>		
Closing net asset value (£'000)	59,615	221
Closing number of shares	5,887,569	21,898
Closing net asset value per share (p)	1,012.56	1,009.72
Ongoing charges figure	0.64%	0.64%
	June 2018	December 2017
<b>Z Distribution – Accumulation Shares (1)</b>		
Closing net asset value (£'000)	34,321	21,221
Closing number of shares	3,306,449	2,091,359
Closing net asset value per share (p)	1,037.99	1,014.71
Ongoing charges figure	0.64%	0.64%
	June 2018	December 2017
<b>Institutional Class – Income Shares (1)</b>		
Closing net asset value (£'000)	10	10
Closing number of shares	1,000	1,000
Closing net asset value per share (p)	1,010.71	1,009.82
Ongoing charges figure	0.84%	0.84%
	June 2018	December 2017
<b>Institutional Class – Accumulation Shares (1)</b>		
Closing net asset value (£'000)	230	10
Closing number of shares	22,162	1,000
Closing net asset value per share (p)	1,036.60	1,014.34
Ongoing charges figure	0.84%	0.84%

(1) Share class launched on 30 October 2017.

## Distribution Table

### Distribution in pence per share

Group 1 Interim Shares purchased prior to 1 January 2018

Group 2 Interim Shares purchased on or between 1 January 2018 and 30 June 2018

### Z Distribution – Income Shares

	Net revenue	Equalisation	Distribution payable to 2018
<b>Group 1</b>	(p)	(p)	(p)
Interim	20.8500	–	20.8500
<b>Group 2</b>	(p)	(p)	(p)
Interim	4.9900	15.8600	20.8500

### Z Distribution – Accumulation Shares

	Net revenue	Equalisation	Distribution payable to 2018
<b>Group 1</b>	(p)	(p)	(p)
Interim	17.9400	–	17.9400
<b>Group 2</b>	(p)	(p)	(p)
Interim	9.7700	8.1700	17.9400

### Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution payable to 2018
<b>Group 1</b>	(p)	(p)	(p)
Interim	21.2400	–	21.2400
<b>Group 2</b>	(p)	(p)	(p)
Interim	21.2400	–	21.2400

### Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable to 2018
<b>Group 1</b>	(p)	(p)	(p)
Interim	16.9500	–	16.9500
<b>Group 2</b>	(p)	(p)	(p)
Interim	10.4600	6.4900	16.9500

### Equalisation

Equalisation applies only to Group 2 shares. It is the average amount of income included in the purchase price of Group 2 shares and is treated as being refunded to the holders of these shares as a return of capital. Being capital, it is not liable to Income Tax but should be deducted from the cost of shares for tax on capital gains purposes.

# GAM Global Eclectic Equity Fund

Manager: Andrew Green

## Commentary

The Fund was launched on 26 February 2018 and over the period to 30 June gained 0.9% (as measured by the GBP Institutional class). During that time the MSCI World Index in GBP rose 3.3%.

This Fund specifically has a strong contrarian bias, searching out deeply underperforming sectors with a catalyst for change that may be on the cusp, Capita and Inmarsat being examples.

The drag on the portfolio has been from the continued strength of the US market, where we are substantially underweight and the sharp underperformance of European Financials and Telecoms. The consensus recognition that the European Banking sector has reduced growth prospects because of the prolonged period of low interest rates at a time of increased competition, has led to very depressed multiples and high yields. The Telecoms sector too, with the admission of maverick low tariff disruptors like Iliad, has brought sharply increased competition for the major incumbents with none of the legacy costs. Nevertheless both sectors are very lowly rated in historical terms where M&A remains an outside possibility. This proved to be the case with Sainsbury which gave the Fund a substantial profit during the period.

The top holdings contributing during the period included BP, Capita, RWE and Sainsbury whereas Commerzbank, Mitsubishi UFJ, Carrefour and Telecom Italia were among the main detractors.

## Portfolio Analysis

Analysis, by geographical area	30 June 2018 %
United Kingdom	22.52
Japan	19.04
United States	10.48
Italy	7.82
Germany	6.45
South Africa	4.13
Netherlands	2.40
Canada	2.14
France	1.93
Sweden	1.34
Greece	0.87
Chile	0.56
Net other assets	20.32
Total net assets	100.00

Analysis, by industry sector	30 June 2018 %
Banks	21.81
Materials	10.81
Energy	8.85
Telecommunication Services	6.82
Capital Goods	4.72
Media	3.07
Software & Services	2.87
Insurance	2.76
Commercial & Professional Services	2.66
Food Beverage & Tobacco	2.65
Utilities	2.63
Real Estate	2.20
Food & Staples Retailing	1.93
Retailing	1.37
Technology Hardware & Equipment	1.34
Household & Personal Products	1.10
Transportation	0.94
Pharmaceuticals & Biotechnology	0.64
Diversified Financials	0.51
Net other assets	20.32
Total net assets	100.00

Analysis, by investment	30 June 2018 %
Equity Quoted	79.68
Net other assets	20.32
Total net assets	100.00

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
<b>United Kingdom 22.52%</b>			
5,359,688	Royal Bank of Scotland	13,726	5.55
1,990,368	BP	11,510	4.65
1,003,802	RSA Insurance	6,820	2.76
4,113,120	Capita	6,571	2.66
721,164	Inmarsat	3,967	1.60
274,746	Land Securities REIT*	2,629	1.06
1,313,922	Dixons Carphone	2,452	0.99
231,397	Pearson	2,048	0.83
21,801,678	Vernalis	1,578	0.64
1,518,913	Firstgroup	1,268	0.51
2,724,190	Lonmin	1,144	0.46
12,403,392	Fastjet	1,070	0.43
322,247	Marks & Spencer	951	0.38
1,973,381	Fastjet Warrants Expiry date 31/07/2021	—	—
		55,734	22.52
<b>Japan 19.04%</b>			
296,100	Sumitomo Mitsui Financial	8,719	3.53
1,876,100	Mitsubishi UFJ Financial	8,096	3.27
1,942,500	Resona	7,872	3.18
325,300	Tokyo Broadcasting System	5,535	2.24
255,700	Nippon Steel & Sumitomo Metal	3,804	1.54
770,000	Fujitsu	3,537	1.43
1,298,000	Toshiba	2,956	1.20
211,900	Mitsubishi Estate	2,807	1.14
355,200	Kobe Steel	2,463	1.00
106,500	Credit Saison	1,270	0.51
		47,059	19.04
<b>United States 10.48%</b>			
97,811	Bunge	5,164	2.09
77,364	Citigroup	3,921	1.59
133,720	Newmont Mining	3,819	1.54
33,557	International Business Machines	3,551	1.44
97,584	Apache	3,455	1.40
316,310	General Electric	3,261	1.32
255,584	Coty	2,730	1.10
		25,901	10.48
<b>Italy 7.82%</b>			
12,375,352	Telecom Italia	6,976	2.82
1,982,586	Saipem	6,915	2.80
728,097	Leonardo	5,451	2.20
		19,342	7.82



# GAM Global Eclectic Equity Fund

## Portfolio Statement

as at 30 June 2018

Holdings	Description	Market Value £'000	% of Net Assets
	<b>Germany 6.45%</b>		
1,299,611	Commerzbank	9,437	3.82
804,525	E.ON	6,513	2.63
		15,950	6.45
	<b>South Africa 4.13%</b>		
622,088	AngloGold Ashanti	3,854	1.56
1,413,650	Gold Fields	3,844	1.55
2,253,734	Impala Platinum	2,522	1.02
		10,220	4.13
	<b>Netherlands 2.40%</b>		
2,882,421	Koninklijke KPN	5,939	2.40
		5,939	2.40
	<b>Canada 2.14%</b>		
533,360	Barrick Gold	5,304	2.14
		5,304	2.14
	<b>France 1.93%</b>		
388,998	Carrefour	4,771	1.93
		4,771	1.93
	<b>Sweden 1.34%</b>		
564,277	Telefonaktiebolaget LM Ericsson	3,309	1.34
		3,309	1.34
	<b>Greece 0.87%</b>		
9,301,291	National Bank of Greece	2,163	0.87
		2,163	0.87
	<b>Chile 0.56%</b>		
44,102	Vina Concha y Toro ADR	1,390	0.56
		1,390	0.56
	<b>Total Investments</b>	<b>197,082</b>	<b>79.68</b>
	<b>Net other assets</b>	<b>50,265</b>	<b>20.32</b>
	<b>Total net assets</b>	<b>247,347</b>	<b>100.00</b>

All holdings are equities and represent securities quoted on a Listed Securities Market, unless otherwise stated.

Stocks shown as ADR's represent American Depositary Receipts.

\*Real Estate Investment Trust (REIT).

## Statement of Material Portfolio Changes

for the period 26 February 2018 to 30 June 2018

Major purchases	Cost £'000	Total Sales	Proceeds £'000
Koninklijke KPN	6,239	Newmont Mining	9,725
Barrick Gold	5,175	RWE	9,175
Engie	5,079	Vivendi	7,509
Commerzbank	4,986	J Sainsbury	6,027
J Sainsbury	4,919	Aegon	5,922
Capita	2,740	Citigroup	5,798
Land Securities REIT	2,605	Engie	5,337
Inmarsat	2,599	BP	4,389
Vodafone	2,580	Marks & Spencer	3,673
Coty	2,576	Pearson	3,205
Capita	2,456	Telefonica	2,660
Bunge	2,167	Vodafone	2,539
Dixons Carphone	2,160	Capita	1,013
Carrefour	2,122	Vernalis	14
Telefonaktiebolaget LM Ericsson	2,077	Total sales for the period	66,986
AngloGold Ashanti	2,043		
Gold Fields	2,008		
Telecom Italia	1,927		
Marks & Spencer	1,813		
E.ON	1,643		
Total purchases for the period	75,373		

## Statement of Total Return

for the period 26 February 2018 to 30 June 2018

	30 June 2018	
	£'000	£'000
<b>Income</b>		
Net capital gains		288
Revenue	2,756	
Expenses	(560)	
Interest payable and similar charges	(5)	
Net revenue before taxation	2,191	
Taxation	(254)	
Net expenses after taxation		1,937
<b>Total return before equalisation</b>		2,225
Equalisation		(68)
<b>Change in net assets attributable to shareholders from investment activities</b>		2,157

## Statement of Change in Net Assets Attributable to Shareholders

for the period 26 February 2018 to 30 June 2018

	30 June 2018	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		–
Amounts receivable on creation of shares	263,926	
Less: Amounts payable on cancellation of shares	(18,736)	
		245,190
Change in net assets attributable to shareholders from investment activities		2,157
<b>Closing net assets attributable to shareholders</b>		247,347

## Balance Sheet

as at 30 June 2018

	30 June 2018 £'000
<b>Assets:</b>	
Fixed Assets:	
Investments	197,082
Current assets:	
Debtors	532
Cash and bank balances	51,176
<b>Total assets</b>	<b>248,790</b>
<b>Liabilities:</b>	
Creditors:	
Other creditors	(1,443)
<b>Total other liabilities</b>	<b>(1,443)</b>
<b>Net Assets Attributable to Shareholders</b>	<b>247,347</b>

## Notes to the Financial Statements

### Basis for preparation

The financial statements comprise the interim financial statements for each of the sub-funds and have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014.

## Net Asset Value and Comparative Tables

	June 2018
<b>Institutional USD Income Shares (1)</b>	
Closing net asset value (£'000)	37,453
Closing number of shares	3,918,864
Closing net asset value per share (p)	955.70
Ongoing charges figure	0.65%

	June 2018
<b>Institutional GBP Accumulation Shares (1)</b>	
Closing net asset value (£'000)	218,978
Closing number of shares	21,705,787
Closing net asset value per share (p)	1,008.84
Ongoing charges figure	0.65%

(1) Share class launched on 26 February 2018.

GAM European Systematic Value & Income ceased trading on 28 September 2006.

## Statement of Total Return

for the period ended 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains		–		–
Revenue	–		–	
Expenses	–		–	
Interest payable and similar charges	–		–	
Net revenue before taxation	–		–	
Taxation	–		–	
Net expenses after taxation		–		–
<b>Total return before equalisation</b>		–		–
Equalisation		–		–
<b>Change in net assets attributable to shareholders from investment activities</b>		–		–

## Statement of Change in Net Assets Attributable to Shareholders

for the period ended 30 June 2018

	30 June 2018		30 June 2017	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		–		–
Amounts receivable on creation of shares	–		–	
Less: Amounts payable on cancellation of shares	–		–	
		–		–
Dilution adjustment		–		–
Change in net assets attributable to shareholders from investment activities		–		–
Retained distribution on accumulation shares		–		–
<b>Closing net assets attributable to shareholders</b>		–		–

# GAM European Systematic Value & Income

## Balance Sheet

as at 30 June 2018

	30 June 2018 £'000	31 December 2017 £'000
<b>Assets:</b>		
Fixed Assets:		
Investments	–	–
Current assets:		
Cash and bank balances	2	2
<b>Total assets</b>	<b>2</b>	<b>2</b>
<b>Liabilities:</b>		
Creditors:		
Distribution payable	–	–
Other creditors	(2)	(2)
<b>Total other liabilities</b>	<b>(2)</b>	<b>(2)</b>
<b>Net Assets Attributable to Shareholders</b>	<b>–</b>	<b>–</b>

## Notes to the Financial Statements

### Basis for preparation

The financial statements comprise the interim financial statements for each of the sub-funds and have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014.

## General Information

### The Company

GAM Funds, an open-ended investment company ("OEIC") with variable capital, is an umbrella company, consisting of a number of sub-funds. GAM Funds was authorised by the Financial Conduct Authority on 2 May 1997 and qualifies as a wider- range investment under the Trustee Investments Act, 1961.

### The Authorised Corporate Director ("ACD")

The ACD is the sole director of GAM Funds and is responsible for all aspects of administration and management within the OEIC. The ACD is GAM Sterling Management Limited (authorised and regulated by the FCA), 20 King Street, London SW1Y 6QY, United Kingdom.

### The Depositary

The Depositary acts as the custodian for all assets relating to the Company. The Depositary is State Street Trustees Limited (Authorised and Regulated by the FCA), 20 Churchill Place, London E14 5HJ, United Kingdom.

### Minimum initial investment

The minimum initial investment in any sub-fund except GAM Global Eclectic Equity Fund is £6,000 for the A and R classes, £20,000,000 for the Z and ZII classes and £12,000,000 for the Institutional classes. The minimum initial investment in GAM Global Eclectic Equity Fund is £10,000 for the A and R classes and £20,000,000 for the Z, ZII and Institutional classes.

### Distributions

The annual income payment date of each sub-fund is on or before 28 February. Semi-annual income payment date for relevant classes is on or before 31 August. Distributions from each sub-fund consist of investment income net of expenses and is allocated between income and accumulation shares according to the respective shares of each sub-fund represented by the accumulation shares and income shares in existence at the end of the relevant accounting period. For more details on the distribution policy, refer to the Prospectus.

### Accumulation and Income Shares

Investors may choose to hold either income or accumulation shares (including fractions of a share) in any of the sub-funds. Each income share represents one undivided share in the property of the respective sub-fund. Where both income and accumulation shares are in existence in a sub-fund, the number of shares (including fractions) in the property of the sub-fund represented by each accumulation share increases as income is accumulated.

Holders of income shares receive distributions (net of the tax which corresponds to the advance corporation tax borne by the sub-fund).

Holders of accumulation shares do not receive payments of income. Any income (net of the tax which corresponds to the advance corporation tax borne by the Fund) arising in respect of an accumulation share is automatically accumulated and is reflected in the price of each accumulation share. No preliminary charge is levied on this accumulation.

Where both types of shares are in existence, the income of the sub-fund is allocated between income shares and accumulation shares according to the respective shares in the property of the sub-fund represented by the accumulation shares and income shares in existence at the end of the relevant accounting period.

### Subscription Days

Shares may normally be purchased or sold on any business day. Prices of shares and estimated gross yields are calculated daily. A forward pricing basis is used.

### Application for Shares

All applications should be made to the ACD. Shares will be purchased at the next valuation point after receipt of cash or cleared funds and a contract note will be sent to the purchaser. Prospective shareholders should note that the price of shares can fluctuate and the income from them can go down as well as up and is not guaranteed. On redemption investors may receive less than the original amount invested. Past performance is not indicative of current or future performance. Any quoted performance figures do not take account of any charges or levies that may be incurred on the issue or redemption of shares.

### Repurchase of Shares

Shareholders may offer all the shares for sale to the ACD, or a lesser number, provided the shareholder maintains the minimum number of shares permitted, by telephoning the Administrator and providing written confirmation. The shares will be purchased from the shareholder at the next valuation point and a contract note confirming the sale will be sent.

### Dilution Levy

Where the Company buys or sells underlying investments in response to a request for the issue or redemption of shares, it will generally incur a cost, made up of dealing costs, stamp duty on the purchase of investments (if applicable) and any spread between the bid and offer prices of the investments concerned, which is not reflected in the issue or redemption price paid by or to the shareholder.

With a view to reducing this cost, the ACD is entitled to require payment of a dilution levy, to be added to the sale price or deducted from the redemption price of shares as appropriate. This may be up to 1% of the price of the share:

- redeemed on a dealing day on which the net redemptions exceed 5% in value (calculated on the current price) of the issued shares linked to that sub-fund;
- sold on a dealing day on which net sales of shares linked to a sub-fund exceed the same percentage.



## Charges

An initial charge of 5% for 'A' shares is included in the price of the shares. Out of this the ACD pays commission to recognised agents. An annual charge as listed below is deducted out of the property of the Company.

Sub-Fund	A	Institutional & R	Z & ZII
GAM Global Diversified	Up to 1.50%	Up to 1.05%	Up to 1.50%
GAM North American Growth	Up to 1.50%	Up to 0.90%	Up to 1.50%
GAM UK Diversified	Up to 1.50%	Up to 1.05%	Up to 1.50%
GAM Credit Opportunities (GBP)	Up to 1.50%	Up to 1.10%	Up to 1.50%
GAM Continental European Equity	Up to 1.50%	Up to 1.00%	Up to 1.50%
GAM Emerging Equity	Up to 1.50%	Up to 1.15%	Up to 1.50%
GAM UK Equity Income	Up to 1.50%	Up to 0.75%	Up to 1.50%
GAM Global Eclectic Equity Fund	Up to 1.50%	Up to 1.05%	Up to 1.50%

The Investment Adviser's periodic charge is calculated on each business day based on the value of the Property of the Fund on the immediate preceding business day and is paid monthly in arrears on the first business day of the calendar month immediately following.

The Depositary's fee is charged in accordance with the provisions of the Prospectus and is paid out of the assets of the Company. Certain other costs, such as dealing costs, Auditors' fees, administration fees, registration fees and custodian fees are also payable out of the assets of the Company.

## Taxation for UK Shareholders

An individual shareholder who is resident (for tax purposes) in the United Kingdom is entitled to a £2,000 (2017/2018: £5,000) tax free dividend allowance. Dividends above this level are taxed at 7.5% (basic rate), 32.5% (higher rate) and 38.1% (additional rate).

Any gains arising to individual shareholders who are resident or ordinarily resident (for tax purposes) in the UK on disposal of their shares are, depending on their personal circumstances, subject to capital gains tax at 18% and 28% (the tax rate used depends on the total amount of taxable income). For 2018/2019 the first £11,700 (2017/2018: £11,300) of chargeable gains from all sources will be exempt from tax.

Corporate shareholders are subject to different treatment.

## Prospectus

Further details concerning the Company are contained in the Prospectus, which is available on application to the ACD.

The net asset value per share of each Fund shall be published on each day on which shares are issued or redeemed, therefore daily, with the reference "exclusive commissions" on the [www.fundsinfo.com](http://www.fundsinfo.com) website.

## Reports and Accounts

The annual report of the Company will be published within four months of the year end and the half-yearly report within two months of the half year end in each year. Copies of the reports are available upon request from the ACD or via the internet at [www.gam.com](http://www.gam.com).

The audited annual reports of the various Master funds that are held by relevant sub-fund are available via the internet at [www.gam.com](http://www.gam.com).

## Risks

The sub-funds are segregated portfolios of assets and, accordingly, the assets of a sub-fund belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company or any other sub-fund, and shall not be available for any such purpose.

## Events during the period

- Adrian Gosden and Chris Morrison replaced Andrew Green as Manager of GAM UK Diversified with effect from 1 January 2018.
- Ali Miremadi replaced Andrew Green as Manager of GAM Global Diversified with effect from 12 February 2018.
- GAM Global Eclectic Equity Fund managed by Andrew Green was launched on 26 February 2018.
- An updated prospectus was released on 26 February 2018.

## Subsequent events

- With effect from 26 July 2018, GAM International Growth & Value, the only remaining sub-fund of GAM Growth & Value Funds, merged with GAM Global Diversified.
- With effect from 2 August 2018, GAM UK Diversified merged with GAM UK Equity Income.

## Additional Information for Shareholders from Switzerland

The following section contains additional information regarding the offer and the distribution of shares of GAM Funds (the "Company") in and from Switzerland. Each decision to subscribe for shares should be exclusively based on the information comprised in the Prospectus, as supplemented by the latest annual and half-yearly reports.

### 1. Distribution in Switzerland

The Swiss Federal Financial Market Authority (FINMA) granted authorisation under Article 123 of the Swiss Collective Investment Schemes Act (CISA) dated 23 June 2006 to GAM Capital Management (Switzerland) Ltd, Zurich, to distribute shares of the Company, in or from Switzerland as the Swiss Representative of the Company.

The address of the Swiss Representative is:

GAM Capital Management (Switzerland) Ltd  
Hardstrasse 201  
P.O. Box  
CH 8037 Zurich  
Switzerland

The Prospectus, the Key Investor Information Document, the Articles of Association as well as German translations of the latest annual and half-yearly reports of the Company may be obtained free of charge from the Swiss Representative.

### 2. Paying Agent

Paying Agent in Switzerland is: State Street Bank International GmbH Munich, Zurich Branch, Beethovenstrasse 19, 8027 Zurich, Switzerland.

### 3. Taxation in Switzerland

Shareholders that are subject to taxation in Switzerland are recommended to consult their tax, finance or legal advisers regarding the tax treatment of their investment in shares of the Company.

### 4. Publications

Publication media of the Company for Switzerland, in particular regarding the publication of changes to the Articles of Association and the Prospectus is on the website [www.fundinfo.com](http://www.fundinfo.com).

The net asset value per share of each sub-fund shall be published on each day on which shares are issued or redeemed, therefore daily, with the reference "exclusive commissions" on the [www.fundinfo.com](http://www.fundinfo.com) website.

### 5. Purchases and Sales

A complete list of all purchases and sales for any sub-fund, may be obtained free of charge from the Swiss Representative.

## 6. Fees

Sub-Fund	A	Institutional & R	Z & ZII
GAM Global Diversified	Up to 1.50%	Up to 1.05%	Up to 1.50%
GAM North American Growth	Up to 1.50%	Up to 0.90%	Up to 1.50%
GAM UK Diversified	Up to 1.50%	Up to 1.05%	Up to 1.50%
GAM Credit Opportunities (GBP)	Up to 1.50%	Up to 1.10%	Up to 1.50%
GAM Continental European Equity	Up to 1.50%	Up to 1.00%	Up to 1.50%
GAM Emerging Equity	Up to 1.50%	Up to 1.15%	Up to 1.50%
GAM UK Equity Income	Up to 1.50%	Up to 0.75%	Up to 1.50%
GAM Global Eclectic Equity Fund	Up to 1.50%	Up to 1.05%	Up to 1.50%

In general, the periodic charge of 1.5% charged to the property of the 'A' shares of the sub-fund can be apportioned as follows:

#### "A" Shares

Administration (ACD, Administrator) up to 0.15% p.a.

Asset management (Investment Adviser) up to 1.35% p.a.

The above listed fees for administration and asset management may be charged to the property of the sub-fund in accordance with the combined limits set out in the prospectus.

## 7. Trailer Fees and Reimbursements

The ACD and its agents may pay retrocessions as remuneration for distribution activity in respect of fund shares in or from Switzerland. This remuneration may be deemed payment for the following services in particular:

Distribution and Sales activities are activities whose objective is to promote the distribution and sales of fund shares, such as organisation of road shows, the participation in events and fairs, the production of marketing material, the training of sales employees, etc.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

In respect of distribution in or from Switzerland, the ACD and its agents do not pay any rebates to reduce the fees or costs incurred by the investor and charged to the fund.

## 8. Place of Performance and Court of Jurisdiction

Place of performance and court of jurisdiction for shares offered or sold in or from Switzerland shall be that of the registered office of the Swiss Representative.

## Contact Details

### Enquiries

Client Services  
GAM Fund Management Limited  
George's Court  
54-62 Townsend Street  
Dublin 2, Ireland  
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Tel: +353 (0) 1 609 3927  
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### Dealing

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