
GAM Funds

Annual Report

for the year ended 31 December 2022

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

Directory

Board of the Authorised Corporate Director

Kaspar Boehni

Director, GAM Sterling Management Limited
(Resigned 31 August 2022)

Charles Naylor

Director, GAM Sterling Management Limited

Simon Ellis

Independent Non-Executive Director

Sybille Hofmann

Independent Non-Executive Director

Andrew Pratt

UK Financial Controller, GAM Sterling Management Limited
(Resigned 22 March 2022)

Authorised Corporate Director and Registrar

GAM Sterling Management Limited
8 Finsbury Circus, London EC2M 7GB, United Kingdom
(Authorised and Regulated by the Financial Conduct Authority)

Investment Adviser

GAM International Management Limited
8 Finsbury Circus, London EC2M 7GB, United Kingdom
(Authorised and Regulated by the Financial Conduct Authority)

**Delegate Investment Adviser in respect of
GAM Credit Opportunities (GBP)**

Atlanticonnium SA
24 Route de Malagnou, 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
One Spencer Dock, North Wall Quay, Dublin 1, D01 X9R7, Ireland

Administrator

State Street Bank and Trust Company, London Branch
20 Churchill Place, London E14 5HJ, United Kingdom
(Authorised and Regulated by the Financial Conduct Authority)

Transfer Agent and Facilities Agent in Ireland

GAM Fund Management Limited
Dockline, Mayor Street, IFSC, Dublin, D01 K8N7, Ireland

Authorised Corporate Director's Report

The Authorised Corporate Director ("ACD") presents its report and audited financial statements for the period to 31 December 2022.

GAM Funds (the "Company") is an investment company with variable capital established as an umbrella company and incorporated under The Open-Ended Investment Companies Regulations 2001 (the "OEIC Regulations"). It is a "UCITS scheme" for the purposes of the Financial Conduct Authority ("FCA") Collective Investments Scheme Sourcebook (the "FCA Regulations"). The Company is incorporated in England and Wales with registered number IC000001. The head office of the Company is at 8 Finsbury Circus, London, EC2M 7GB. The Company was authorised by an order made by the Financial Services Authority (the predecessor to the FCA) with effect from 2 May 1997. GAM Funds is structured as an umbrella company, consisting of various subfunds ("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/gb/en/financial-intermediary/

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

Simon Ellis 

Director

27 April 2023

Investment Objectives and Policy (unaudited)

The investment objective and policy of each Fund is set out below. The base currency of each Fund is Pound sterling.

GAM Disruptive Growth

(formally known as GAM Global Diversified)

The objective of the Fund is to provide capital appreciation. The Fund invests at least two thirds of its assets in shares and other equity securities and equity rights issued anywhere in the world.

GAM North American Growth

(This Fund merged into GAM Disruptive Growth (formerly GAM Global Diversified) on 13 June 2022 and is no longer available for investment.)

The objective of the Fund was to provide capital growth.

GAM UK Diversified

(This Fund merged into GAM UK Equity Income on 2 August 2018 and is no longer available for investment.)

The objective of the Fund was 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. Fund changed to direct investment in equities during the year where previously was 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 Fund closed on 31 January 2023 and is no longer available for investment.)

The objective of the Fund was to invest at least two thirds of its assets in shares and equity related securities (such as warrants) of companies listed on or dealt in Eligible Markets within the European Union which were issued by companies which are headquartered in the European Union. Such investments may be made directly or indirectly through collective investment schemes and derivatives.

GAM UK Equity Income

The objective of the Fund is to provide income. The Fund also seeks to achieve capital appreciation. The Fund invests at least two thirds of its assets in UK equities, including ordinary shares and preference shares, without restrictions either by company, size or industry. UK equities are shares of companies that are domiciled, incorporated or have a significant portion of their business in the UK. This condition must be met in addition to the investments being listed on a stock exchange in the UK.

General

The Funds are segregated portfolios of assets and, accordingly, the assets of a 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 Fund, and shall not be available for any such purpose.

Unless indicated to the contrary on the Portfolio Statement of each Fund, all equity investments referred to in this report are securities admitted to an official stock exchange listing.

As at 31 December 2022 none of the Funds held holdings of another Fund of the Company.

Assessment of Value

The Assessment of Value report for each Fund of the Company as required by the FCA is available to shareholders to view on www.gam.com.

Summary of Significant Accounting policies applicable to all Funds

General Information

GAM Funds (the "Company") is an open-ended investment company and was incorporated on 2 May 1997 and under the laws of England and Wales. The address of the Authorised Corporate Director ("ACD") is at 8 Finsbury Circus, London, EC2M 7GB, United Kingdom.

(a) Basis of Accounting

The Financial Statements, which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders, Balance Sheet, Portfolio Statements, Notes to the Financial Statements thereon, for both the aggregated Company and the individual Funds, have been prepared under the historical cost basis, as modified by the revaluation of investments, except for GAM North American Growth, GAM Continental European Equity and GAM UK Diversified, which have been prepared on a non-going concern basis, and in accordance with United Kingdom generally accepted accounting principles, the Statement of Recommended Practice ("SORP") for Authorised Funds issued by the IA in May 2014, and Collective Investment Scheme Sourcebook as issued and amended by the Financial Conduct Authority ("FCA").

The following Funds are prepared on a non going concern basis, GAM North American Growth merged into GAM Disruptive Growth (formerly GAM Global Diversified) on 13 June 2022, GAM UK Diversified merged into GAM UK Equity Income on 2 August 2018 and GAM Continental European Equity the Fund closed on 31 January 2023 and all are no longer available for investment.

(b) Basis of Valuation of Investments

Recognition/Derecognition

Purchases and sales are initially recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are derecognised when the rights to receive the cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Measurement

The investments of the Funds have been valued at last trade prices at 12:00 (UK time), with the exception of GAM Credit Opportunities which is at 23.00 (UK time) and GAM Continental European portfolio which has been revalued at world close of business last trade prices, on Friday 30 December 2022. Shares and transferable securities issued by UCIs shall be valued at their last known net asset value whether estimated or final. For unquoted securities, where no market quotation is available, such investments will be valued based on the probable realisation value estimated by the ACD on a basis which it considers fair and reasonable. Any unquoted securities have been ruled as such on the portfolio statement of each Fund.

(c) Revenue Recognition

All dividends on investments quoted ex dividend up to the accounting date are included in the Statement of Total Return. Bank and other interest receivable is accrued up to this date. Income is shown gross of any non-recoverable withholding taxes, which is disclosed separately and net of attributable tax credits.

(d) Foreign Currencies

Foreign currency transactions completed during the year are translated at the rate ruling at the date of the transaction.

Assets and liabilities in foreign currencies are expressed in Pound sterling at the rate of exchange ruling at the balance sheet date.

The following rates of exchange have been used at the year end:

	31 December 2022	31 December 2021
Australian dollar	1.7706	1.8588
Canadian dollar	1.6282	1.7164
Danish krone	8.3855	8.8545
Euro	1.1276	1.1906
Hong Kong dollar	9.3834	10.5091
Japanese yen	158.6138	155.1357
New Zealand dollar	1.8967	1.9726
Norwegian krone	11.8437	11.8924
South African rand	20.3850	21.4925
Swedish krona	12.4919	12.2107
Swiss franc	1.1107	1.2304
Thai baht	41.6971	45.0166
US dollar	1.2039	1.3476

(e) Expenses

Management expenses are charged against income and used in determining any distribution. All net income will be distributed after expenses at year end, with the exception of GAM UK Equity Income which charges Management expenses to capital.

Where Funds invest in holdings managed by a GAM group entity, the ACD shall ensure that a reimbursement of fees is made such that there is no double charging to investors. These ACD reimbursements are shown in note 4 as "Capped OCF rebate" which caps the ACD rate charged at the ACD rates disclosed in note 12 of each Fund.

(f) Revenue

All the income of the Funds after deduction of expenses, will be allocated between holders of income and accumulation shares in accordance with their respective interests. Scrip dividends form part of income for tax purposes but are not included in the year end distribution calculations in accordance with the Collective Investment Scheme Sourcebook.

(g) Taxation

Deferred tax is accounted for on an undiscounted basis at expected tax rates on all differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted.

(h) Foreign Currency Contracts

A forward currency contract obligates the Fund to receive or deliver a fixed quantity of foreign currency at a specified price on an agreed future date. These contracts are valued at the forward rate and the Fund's equity therein, representing unrealised gains or losses on the contracts is included in investments. Realised gains and losses are included in the Statement of Total Return.

(i) Underwriting Commission

Underwriting commissions are accounted for when the issue underwritten takes place.

(j) Distribution Policy

The distribution policy of the Funds is to distribute/accumulate all available revenue, after deduction of expenses properly chargeable against revenue. The Funds pay their annual distribution at the end of February, the GAM UK Equity Income also makes an interim distribution which is paid at the end of August.

(k) Equalisation

Equalisation applies to shares purchased within the distribution period (Group 2 shares). It represents the income accrued as at the date of purchase and forms part of the purchase price of the shares. This is returned to the investor, after averaging, as a capital payment with the distribution. It is not liable to income tax but can be deducted from the cost of the shares for capital gains tax purposes.

(l) Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment. These costs include fees and commissions paid to agents, advisers, brokers and dealers. Investments in financial instruments include transaction costs which form part of the net capital gains/losses.

(m) Cash and Bank Overdrafts

Cash and cash equivalents and bank overdraft comprises cash and foreign currency on deposit with the Depositary and counterparties with original maturities of less than three months.

In accordance with the requirements of FRS 102 and the IMA SORP (2014), a statement of cash flow has not been included in the financial statements, as the funds are all deemed to satisfy the three exemption criteria listed in FRS 102, section 7.1A (c).

(n) Receivable for investments sold and payable for investments purchased

Receivable for investments sold and payable for investments purchased represent amounts receivable and payable respectively, for transactions contracted for but not yet delivered at the end of the financial year. These amounts are included in the Balance Sheet.

(o) Issue and Redemption of Shares

Shares can be purchased on completion of an application form available from the Transfer Agent upon request and returned on any dealing day. Dealings are at forward prices i.e. at a price calculated by reference to the next valuation following acceptance of the application. Applications must be received by the Transfer Agent prior to 12:00 noon (UK time) on the relevant dealing day in respect of each Fund with the exception of GAM Credit Opportunities (GBP) which needs to be prior to 10:00am (UK time) and unless the ACD otherwise agrees, payments for shares in the Company must be received by 11:00am (UK time) on the relevant dealing day in respect of each Fund with exception of GAM Credit Opportunities (GBP) which needs to be prior to 9:00am (UK time) in order for shares to be issued. Shares can be redeemed during any dealing day. Dealings are at forward prices as explained in the paragraph above.

Shares to be redeemed pursuant to a redemption request received on or before 12:00 noon (UK time) on a dealing day in respect of each Fund with the exception of GAM Credit Opportunities (GBP) which needs to be prior to 10:00am (UK time) (each time in relation to each Fund being the ("Cut Off Point")) will be redeemed at a price based on that dealing days valuation and shares to be redeemed pursuant to a redemption request received after that time, or on a day which is not a dealing day, at a price based on the valuation made on the next dealing day. GAM UK Diversified, GAM North American Growth and GAM Continental European Equity are no longer available for investment.

Commentary (unaudited)

Market environment

2022 was a brutal year for high growth investing. It was a reset year in proportion to both the Great Financial Crisis (GFC) and also any of the individual years that made up the 2000-2002 downturn, although the Nasdaq 100 fell 75% over the cumulative 2000-2002 period. Within the broader growth arena, the higher the growth the bigger the fall. Examples of this include the Goldman Sachs most expensive software basket down 56.8% in 2022 or the ARK Innovation Fund, down 62.1%. Some hyped new investment areas suffered even more; the De-SPAC index fell 72.9% and the Bitwise Crypto 10 index fell 89.2%. All in all, it was impossible to avoid significant pullbacks in the growth world. Difficult market conditions were not reserved for growth investors though. The bond markets delivered their worst return in modern history and the famed 60:40 strategy recorded one of its worst drops ever. Inflation soared to levels unimagined at the start of the year and the central bank responses around the world were swifter and sharper than ever seen previously. As the year progressed, new factors and increasing uncertainty delivered a nasty combination for growth investing. Growth equities were shunned regardless of price and at the same time, incumbent technology businesses in many cases fared much better representing the dash to safety and value. While names like Applovin (-88.8%), Asana (-81.5%), Twilio (-81.4%) and Ringcentral (-81.1%) led down the high growth cohort, IBM and HPE were both up marginally for the year. This is an unenviable backdrop for disruptive growth investing. In analysing the performance in such a difficult year, it is important to try to disaggregate an implosion in valuation versus a degradation of fundamentals. This is the first global slow down where mega cap disruptive names are at a level of maturity that would allow them to exhibit cyclical impact. The last downturn in 2008/09 saw the iPhone and smartphones in general just recently launched and so early-stage growth drove these businesses through the economic headwinds. Similarly, digital advertising was just beginning and even online retail was relatively nascent. As a result, companies exposed to these trends did not see any impact from the downturn. This time is very different. Among the biggest names, and between the end of 2020 and the end of 2022, Amazon has seen revenue expectations cut by 14% and Meta by 7%, while Microsoft, Apple and Google have all seen expectations rise in that period. However, all these names have seen cuts compared to the end of 2021, so momentum has turned clearly negative and shows that mega cap is generally now economically sensitive, something we have been suggesting for some time. At the earnings level, cuts have in some cases been very meaningful. Amazon, for example, as a Covid beneficiary and a clear consumer spending exposed name, has seen an EPS cut of 42% for 2023 between the end of 2020 and the end of 2022. Elsewhere, it would appear that analysts had raised expectations sharply into the end of 2021 only to cut these back sharply during 2022 to end up at 2023 expected levels in place at the end of 2020. The point is that many of these companies are still growing but momentum has turned negative and that has impacted share prices. We have always contended that the most successful disruptive companies will grow through a downturn and that growth company share prices react negatively to shocks (inflation and interest rates), first and fastest but that over time fundamentals re-assert. Top line growth for the biggest six companies in the world today has fallen to just 5% expected for 2023 while those that are more disruptive like ServiceNow have not seen the impact, with estimates remaining at around 25% revenue growth rate for 2023.

Performance

Since the inception of the share class (Institutional GBP Acc) on 31 January 2022, GAM Disruptive Growth lost 28.2%, underperforming the MSCI World Growth Index (GBP) which fell 12.8% over the same period.

Our non-ownership of Tesla contributed the most to performance in 2022. The electric vehicle company's shares fell in 2022 as demand for the cars began to decline, in part due to the high cost of leasing, just as Tesla has ramped up production. Additionally, the company faces increased competition in the market leading to a significant de-rating of the shares over the year.

China contributed almost 200 bps to relative performance. We started buying China in May, increasing our positions at the end of the summer which proved timely given the Chinese governments rolling back of Covid regulations from October which led to a strong rally in the Chinese market over the last quarter of the year. Our holdings in Alibaba, BYD and Full Truck Alliance were all in the top 10 contributors for the year.

At the beginning of the year, we identified the risks to the unprofitable technology sector and consciously moved the portfolio into shorter duration names to balance the portfolio. This included adding to our holdings in the storage sector. Here, Pure Storage, which operates in the enterprise storage solution sector, worked well and contributed positively over the year. However, Seagate which produces hardware storage products, did not work as well dragging significantly on performance.

Longer duration and core disruptive holdings dragged the most with names such as Roblox, Marvell, AppLovin and Coinbase among the largest losers over the year. Here, we would re-emphasise that despite the steep compression in valuations, a number of these names have not missed forecasts in the year and remain fundamentally sound in our view.

By sector, software and services was unsurprisingly the worst performer as this sector contains a high level of the highest growth but non-profitable names which were the worst hit in 2022.

Outlook

We continue to focus on the key theme of Digital 4.0 which is, in our opinion, the fourth major digital wave and will bring the Internet of Everything to sectors less disrupted to date. These include financials, healthcare, industrials and transportation. Significant advances in AI will drive investment in innovation by existing category leaders to both take additional market share and to develop new revenue streams. Both will lead to revenue and earnings growth that exceeds market expectations and thus creates the delta that we look for in successful investments.

We remain cautiously optimistic about the prospects in China which already proved a positive source of alpha throughout 2022. Following the intra-month rotation, we also remain bullish on prospects for genuinely growth-oriented companies (as opposed to the more defensive value-style ones). We believe several stocks within the portfolio offer significant upside to our target prices and we are therefore extremely optimistic about prospects for alpha generation.

We have always contended that the most successful disruptive companies will grow through a downturn and that growth company share prices react negatively to shocks (inflation and interest rates) first and fastest but that over time fundamentals reassert.

It will not be a one way market and care will likely be required particularly where valuations cannot be supported. The focus in a more risk averse world will remain on profitable companies with growth that trades at a discount to fair value.

21 February 2023

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2022 %	31 December 2021 %
United States	63.58	72.22
China	9.14	6.56
Israel	4.58	2.95
Germany	1.63	1.02
United Kingdom	1.24	3.49
Norway	1.03	–
Japan	–	9.30
Switzerland	–	1.89
Forward Currency Contracts	–	(0.07)
Net other assets	18.80	2.64
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2022 %	31 December 2021 %
Software & Services	29.73	17.75
Technology Hardware & Equipment	8.02	12.45
Health Care Equipment & Services	7.79	9.11
Media & Entertainment	6.60	7.91
Consumer Services	6.48	6.11
Diversified Financials	4.58	5.07
Semiconductors & Semiconductor Equipment	3.94	5.84
Automobiles & Components	3.24	3.20
Retailing	3.21	–
Capital Goods	2.92	3.52
Pharmaceuticals & Biotechnology	2.44	1.15
Transportation	1.29	3.68
Materials	0.96	1.40
Consumer Durables & Apparel	–	13.63
Telecommunication Services	–	4.12
Banks	–	2.49
Forward Currency Contracts	–	(0.07)
Net other assets	18.80	2.64
Total net assets	100.00	100.00

Analysis, by investment	31 December 2022 %	31 December 2021 %
Equity Quoted	80.96	97.23
Unquoted equities	0.24	0.20
Forward currency contracts	–	(0.07)
Net other assets	18.80	2.64
Total net assets	100.00	100.00

Risk and Reward Profile (unaudited)



The risk indicator is based on the volatility of the Fund's performance over the last 5 years. Where 5 years' performance history is not available the data is supplemented by proxy fund, benchmark data or a simulated historical series as appropriate.

- The Fund is assigned to the above category based on its historical fluctuations in value.
- The indicator helps investors to have a better understanding of the potential gains and losses related with the Fund. In this context, even the lowest category does not represent a riskfree investment.
- This profile is determined using historical data, as such may not be a reliable indication for the future risk profile. It is not guaranteed and may shift over time.
- This allocation to a risk category may change over time because the future performance of the Fund may fluctuate differently from in the past.
- The Fund does not offer The investor a guaranteed return. Nor does it guarantee The fixed repayment of The money invested in The Fund by The investor.

Further risks that may have a significant effect on the net asset value of the Fund include:

- **Counterparty/Derivatives Risk:** if a counterparty to a financial derivative contract were to default, the value of the contract, the cost to replace it and any cash or securities held by the counterparty to facilitate it, may be lost.
- **Special Country Risk/China:** changes in China's political, social or economic policies may significantly affect the value of the Fund's investments. China's tax law is also applied under policies that may change without notice and with retrospective effect.
- **Capital at Risk:** all financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.
- **Currency Risk – Non Base Currency Share Class:** non-base currency share classes may or may not be hedged to the base currency of the Fund. Changes in exchange rates will have an impact on the value of shares in the Fund which are not denominated in the base currency. Where hedging strategies are employed, they may not be fully effective.
- **Investment Positions:** positions may increase in size relative to the size of the Fund. The risk is monitored by regularly adapting positions.
- **Equity:** investments in equities (directly or indirectly via derivatives) may be subject to significant fluctuations in value.

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund.

GAM Disruptive Growth

Portfolio Statement

as at 31 December 2022

Holdings	Description	Market Value £'000	% of Net Assets
United States 63.58% (December 2021: 72.22%)			
34,363	Microsoft	6,879	9.17
47,900	PTC	4,819	6.42
20,205	Intuitive Surgical	4,494	5.99
14,080	Netflix	3,405	4.54
40,780	Expedia	2,951	3.93
17,327	Keysight Technologies	2,478	3.30
62,050	Marvell Technology	1,895	2.52
39,680	Seagate Technology	1,748	2.33
48,570	Sensata Technologies	1,632	2.17
38,480	Trimble	1,613	2.15
4,800	ServiceNow	1,554	2.07
21,860	Akamai Technologies	1,538	2.05
5,190	EPAM Systems	1,426	1.90
33,080	Omniceil	1,351	1.80
2,329	Thermo Fisher Scientific	1,078	1.44
8,770	NVIDIA	1,064	1.42
14,590	Airbnb	1,033	1.38
16,900	Block	883	1.18
29,110	Pegasystems	833	1.11
7,400	Atlassian	797	1.06
12,970	Datadog	797	1.06
20,877	Cloudflare	787	1.05
34,270	ROBLOX	771	1.03
8,810	CrowdStrike	765	1.02
43,000	Rivian Automotive	669	0.89
103,135	Cvent	451	0.60
88,000	Clarent*	–	–
229,449	SoftBrands*	–	–
		47,711	63.58
China 9.14% (December 2021: 6.56%)			
124,800	Li Auto	1,022	1.36
142,818	Full Truck Alliance ADR	968	1.29
30,535	Trip.com ADR	881	1.17
10,588	Alibaba ADR	784	1.05
36,000	BYD	739	0.99
116,400	Ganfeng Lithium	723	0.96
11,900	Contemporary Amperex Technology	559	0.75
64,806	Chindata ADR	429	0.57
8,399	JD.com ADR	398	0.53
818,000	Linklogis	356	0.47
		6,859	9.14

Portfolio Statement

as at 31 December 2022

Holdings	Description	Market Value £'000	% of Net Assets
Israel 4.58% (December 2021: 2.95%)			
188,600	Plus500	3,434	4.58
		3,434	4.58
Germany 1.63% (December 2021: 1.02%)			
41,040	Zalando	1,223	1.63
		1,223	1.63
United Kingdom 1.24% (December 2021: 3.49%)			
303,462	Oxford Nanopore Technologies	754	1.00
719,874	Thomas Murray Network*	180	0.24
670,754	Ludorum*†	–	–
45,557	Thomas Murray Systems*	–	–
		934	1.24
Norway 1.03% (December 2021: 0.00%)			
464,000	Kahoot!	770	1.03
		770	1.03
Forward Currency Contracts 0.00% (December 2021: (0.07)%)			
Total Investments		60,931	81.20
Net other assets		14,107	18.80
Total net assets		75,038	100.00

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

* Unquoted investments.

† A final distribution of unknown value is expected to be received during 2023, it is deemed prudent to carry the value at zero.

Stocks shown as ADR's represent American Depositary Receipts.

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2022

Major Purchases	Cost £'000	Major Sales	Proceeds £'000
Cloudflare	6,261	Alphabet	8,655
Meta Platforms	6,259	Alibaba ADR	6,657
Expedia	6,174	Coinbase Global	6,423
ROBLOX	6,156	Meta Platforms	6,114
Alibaba ADR	6,010	Seagate Technology	6,113
Netflix	4,966	Cloudflare	5,426
EPAM Systems	4,762	ROBLOX	4,767
Coinbase Global	4,560	Sony ADR	4,415
Mongodb	4,007	EPAM Systems	4,158
Zalando	3,700	Netflix	4,015
NVIDIA	3,551	Pure Storage	3,934
Alphabet	3,419	Adobe	3,315
Siltronic	3,277	NortonLifeLock	3,201
Adobe	3,217	BT	3,168
CrowdStrike	2,649	Microsoft	3,077
BYD	2,571	Mongodb	2,922
Pure Storage	2,318	Akamai Technologies	2,831
BT	2,062	Peloton Interactive	2,789
ServiceNow	1,953	NVIDIA	2,663
JD.com	1,950	BYD	2,640
Total purchases for the year	138,537	Total sales for the year	171,743

Statement of Total Return

for the year ended 31 December 2022

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(32,448)		8,052
Revenue	3	684		1,408	
Expenses	4	(630)		(790)	
Interest payable and similar charges		–		(1)	
Net revenue before taxation		54		617	
Taxation	5	(151)		(131)	
Net (expenses)/revenue after taxation			(97)		486
Total return before distribution			(32,545)		8,538
Distribution	6		(3)		(507)
Change in net assets attributable to shareholders from investment activities			(32,548)		8,031

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		88,555		97,497
Amounts receivable on creation of shares	1,462		8,599	
Less: Amounts payable on cancellation of shares	(27,549)		(25,970)	
In specie transfer*	45,115			–
		19,028		(17,371)
Dilution levy		3		–
Change in net assets attributable to shareholders from investment activities		(32,548)		8,031
Retained distribution on accumulation shares		–		398
Closing net assets attributable to shareholders		75,038		88,555

* In specie amounts transferred to GAM Disruptive Growth Fund in the period from GAM North American Growth Fund.

Balance Sheet

as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Assets:			
Fixed Assets:			
Investments		60,931	86,353
Current assets:			
Debtors	7	370	466
Cash and bank balances	8	14,063	2,341
Total assets		75,364	89,160
Liabilities:			
Investment liabilities		–	(133)
Creditors:			
Distribution payable		(1)	(85)
Other creditors	9	(325)	(387)
Total other liabilities		(326)	(605)
Net Assets Attributable to Shareholders		75,038	88,555

Notes to the Financial Statements

1. Investments at Fair Value

Fair Value Hierarchy

SORP requires disclosures of financial instruments measured at fair value to be based on three classifications of hierarchy that reflects the significance of the inputs in such fair value measurements.

The hierarchy gives the highest priority to quoted prices for identical instruments in active markets and lowest priority to valuation techniques using non-observable data. The three classifications of the fair value hierarchy are as follows:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Fund uses the "market approach" valuation technique to value its investments. Inputs are determined by observable data. A financial instrument's classification within the fair value hierarchy is based on the lowest classification of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" may require significant judgment but can generally be considered as that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the risk of that instrument.

The following table analyses within the fair value hierarchy of the financial assets and liabilities measured at fair value at 31 December 2022 and 31 December 2021:

Valuation technique	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	60,751	–	86,106	–
Level 2	–	–	67	(133)
Level 3	180	–	180	–
Total investments at fair value	60,931	–	86,353	(133)

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	2022 £'000	2021 £'000
Non-derivative securities	(32,546)	8,039
Forward foreign exchange currency contracts	(27)	(24)
Currency gains/(losses)	90	(111)
Handling charges	(9)	(8)
Currency Hedge	44	156
Net capital (losses)/gains	(32,448)	8,052

3. Revenue

	2022 £'000	2021 £'000
UK dividends	109	281
Overseas dividends	517	875
Property revenue from overseas REITs - non-taxable	–	49
Bank interest	15	–
UK scrip dividends non-taxable	–	203
Capped OCF Rebate - Income	43	–
Total revenue	684	1,408

Notes to the Financial Statements

4. Expenses

	2022 £'000	2021 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	502	717
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	15	18
Safekeeping charge	4	6
Other expenses:		
Audit fees	16	18
Other	93	31
Total expenses	630	790

5. Taxation

	2022 £'000	2021 £'000
a) Analysis of tax charge in the year:		
Overseas tax	151	131
Total current tax (note 5b)	151	131

b) Factors affecting current tax charge for the year:

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2021: 20%). The differences are explained below:

Net revenue before taxation	54	617
Corporation tax of 20% (2021: 20%)	11	123
Effects of:		
UK dividends	(22)	(56)
Non-taxable scrip dividends	–	(41)
Revenue not subject to taxation	(97)	(186)
Movement in excess management expenses	108	160
Overseas tax	151	131
Current tax charge for year (note 5a)	151	131

c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £11,667,542 (2021: £11,559,181) relating to surplus management expenses.

Notes to the Financial Statements

6. Distribution

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	2022 £'000	2021 £'000
Final	1	482
Add: Revenue deducted on cancellation of shares	2	28
Deduct: Revenue received on creation of shares	–	(3)
Net distribution for the year	3	507
Reconciliation of net revenue after taxation to the net distributions for the year		
Net (expenses)/revenue after taxation	(97)	486
Income deficit transfer to capital	100	21
Net distribution for the year	3	507

7. Debtors

	2022 £'000	2021 £'000
Amounts receivable for issue of shares	34	5
Accrued revenue	24	76
Overseas tax recoverable	181	385
Reimbursement for capped expenses	43	–
Merger Buffer	88	–
Total debtors	370	466

8. Cash and bank balances

	2022 £'000	2021 £'000
Cash and bank balances	14,063	2,341
Total cash and bank balances	14,063	2,341

9. Creditors

	2022 £'000	2021 £'000
Purchases awaiting settlement	–	20
Amounts payable for cancellation of shares	150	163
Accrued expenses	175	204
Total creditors	325	387

Notes to the Financial Statements

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2022 Opening shares in issue	Issued	Redeemed	Shares converted	2022 Closing shares in issue
A Class – Income Shares	22,582	10,302	(1,652)	–	31,233
A Class – Accumulation Shares	25,981	21,500	(6,011)	–	41,471
A Class USD Hedge – Accumulation Shares	416,957	–	(416,957)	–	–
R Class – Income Shares	311,177	2,410,806	(258,982)	–	2,463,002
R Class – Accumulation Shares	356,992	2,567,951	(324,634)	–	2,600,309
Z Class – Income Shares	657,862	3,740	(87,654)	–	573,948
Z Class – Accumulation Shares	2,904,110	41,196	(979,565)	–	1,965,741
Z II Class – Accumulation Shares	992,030	19,171	(134,195)	–	877,006
Institutional Class – Income Shares	188,319	3,014	(79,107)	–	112,226
Institutional Class – Accumulation Shares	537,497	19,493	(241,974)	–	315,016
Institutional Class USD Hedge – Accumulation Shares	303,445	–	(303,445)	–	–

11. Related party transactions

All material related party transactions, as set out in Financial Reporting Standard 8 “Related Party Disclosures”, have been disclosed in the notes to the financial statements.

The ACD is authorised to operate umbrella cash accounts held in the name of the Company and it has delegated such authority to the Transfer Agent. All subscriptions and redemptions from the relevant Fund will be channelled and managed through such umbrella cash accounts. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

At the year end accrued expenses included amounts owing to the ACD of £41,109 (2021: £57,266). The charge for the year is disclosed in Note 4.

All other material related party transactions have been disclosed in the notes to the financial statements.

At the year end there is reimbursement debtor for capped expenses by the ACD of £42,805 (2021: £nil) disclosed in note 7.

12. Share classes

The Fund has nine share classes.

The ACD's periodic charge on each share class is as follows:

	%
A Class – Income Shares:	1.15
A Class – Accumulation Shares:	1.15
R Class – Income Shares:	0.70
R Class – Accumulation Shares:	0.70
Z Class – Income Shares:	0.45
Z Class – Accumulation Shares:	0.45
Z II Class – Accumulation Shares:	0.70
Institutional Class – Income Shares:	0.70
Institutional Class – Accumulation Shares:	0.70

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 22 to 27.

The distribution per share class is given in the Distribution Tables on pages 28 to 30.

All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 31 December 2022, the Fund had no capital commitments (2021: £nil) and no contingent liabilities (2021: £nil).

Notes to the Financial Statements

14. Derivatives and other financial instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity, redemption, credit and interest rate risk.

(a) Market price risk

Market price risk arises from uncertainty about future prices of financial instruments held. It represents the potential loss the Funds might suffer through holding market positions in the face of price movements. The Investment Adviser takes into consideration the asset allocation of the portfolio when assessing the risk profile associated with particular countries or industry sectors whilst continuing to follow the investment objectives of the Funds' and by regularly reviewing and evaluating the Funds potential exposure to market risk using the commitment method.

With all other variables staying the same, if market prices increase or decrease by 10%, then the impact on the portfolio will be an increase or decrease of 10% (£6,093,099) (2021: £8,628,624).

(b) Foreign currency risk

A substantial portion of the financial assets of the Fund may be denominated in currencies other than the base currency of the Fund with the effect that the balance sheet and total return can be significantly affected by currency movements. The Fund may enter into forward foreign currency exchange contracts in order to hedge against currency movements. However, it is not always possible to precisely match the forward foreign exchange amount and the value of such securities may vary as a consequence of market movements over the life of the forward exchange contract.

As at 31 December the sub-fund had the following net currency exposure (excluding sterling):

	Currency exposure 2022 £'000	Currency exposure 2021 £'000
Chinese yuan	559	1,562
Euro	1,375	907
Hong Kong dollar	2,839	3,724
Japanese yen	–	8,251
Norwegian krone	770	–
Swiss franc	18	1,671
US dollar	54,238	70,988
	59,799	87,103

A 10% increase/decrease in the GBP exchange rate against all other currencies, assuming all other factors remained the same, would have a £5,436,328 (2021: £8,798,280) decrease and £6,644,401 (2021: £9,678,108) increase respectively on the net assets of the Fund.

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. However, the assets of the Fund comprise mainly realisable securities, which can be readily sold.

The ACD may with prior agreement of the Depositary, temporarily suspend the issue, redemption and exchange of shares in the Fund where due to exceptional circumstances it is in the interests of all the shareholders in the Fund.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual settlement date. Balances as set out in the table below have not been discounted, as the impact of discounting is not significant.

As at 31 December 2022	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	150	–
Accrued expenses	175	–
Distribution payable on income shares	–	1
Net assets attributable to shareholders	75,038	–
	75,363	1
As at 31 December 2021	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	163	–
Purchases awaiting settlement	20	–
Accrued expenses	204	–
Distribution payable on income shares	–	85
Net assets attributable to shareholders	88,555	–
	88,942	85

Notes to the Financial Statements

(d) Redemption risk

The redemption risk for the Fund is the redemption of any shares that investors wish to sell. Large redemptions of shares in the Fund might result in the Fund being forced to sell assets at a time, under circumstances and at a price where it would, instead, normally prefer not to dispose of those assets.

(e) Credit risk

The Fund is exposed to credit risk on counterparties with whom it trades and may bear the risk of settlement default. Counterparty risk is limited in that most securities are settled on delivery against payment in the recognised clearing systems and the risk of default is considered minimal as security delivery and payment are simultaneous.

At 31 December 2022 the Fund held cash deposits of £14,063,218 (2021: £2,341,128) with State Street Trustees Limited, £4 (2021: £4) with ABN AMRO. The credit risk to the Fund is the risk that the counterparties default on their obligation to repay the Fund. The Fund manages this credit risk by only holding deposits with approved brokers that belong to an internationally recognised financial services firm.

The Investment Adviser manages credit risk for derivative transactions by only using approved brokers that belong to an internationally recognised financial services firm or alternatively command a high market share in a given market segment.

(f) Interest rate risk

The Funds may hold cash balances which are subject to a floating rate of interest. At the year end, floating rates were tracked against the Bank of England base rate -0.5% and for any overdrafts the Bank of England base rate + 1%. The amount of the cash balances are set out in the notes to the financial statements for each Fund.

The majority of the assets of the Funds are equity shares and other investments which neither pay interest nor have a maturity date.

(g) Gains and losses on financial assets

The net capital gains from trading in financial assets and financial liabilities shown in the Statement of Total Return are analysed in note 2 of the Financial Statements.

(h) Fair value of financial assets and financial liabilities

All the assets of the Fund are held at fair value as determined in accordance with the accounting policies.

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Equities	178,973	125,862	171,809	144,216
Trades in the year before transaction costs	178,973	125,862	171,809	144,216
Commissions				
Equities	52	71	(49)	(49)
Total commissions	52	71	(49)	(49)
Taxes				
Equities	40	84	(17)	(14)
Total taxes	40	84	(17)	(14)
Total costs	92	155	(66)	(62)
Total net trades in the year after transaction costs	179,065	126,017	171,743	144,153

Notes to the Financial Statements

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	2022 %	2021 %	2022 %	2021 %
Commissions				
Equities	0.03	0.06	(0.03)	(0.03)
Taxes				
Equities	0.02	0.07	(0.01)	(0.01)

Total transaction cost expressed as a percentage of average net asset value.

	2022 %	2021 %
Commissions	0.13	0.13
Taxes	0.07	0.10
Total costs	0.20	0.23

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.05% (2021: 0.06%).

16. Events during the year

On 31 January 2022, GAM Global Diversified changed its name to be GAM Disruptive Growth and Mark Hawtin replaced Kevin Kruczynski as Investment Adviser.

On 23 February 2022 a new prospectus of the Company was issued.

On 13 June 2022, GAM North American Growth merged with GAM Disruptive Growth (formerly GAM Global Diversified). The merger was completed by an in-specie transfer of assets from GAM North American Growth to GAM Disruptive Growth.

On 1 July 2022 and on 26 July 2022 a new prospectus of the Company was issued.

The Authorised Corporate Director of the Fund acknowledges the military actions engaged by Russia in Ukraine and its potential to negatively impact the markets in which the Fund's assets are invested. The ultimate impact on the Fund remains uncertain and can vary according to the countries, asset classes, industry sectors and securities they are invested in. The Authorised Corporate Director and Investment Adviser are closely monitoring the impact on the Fund including any impact on liquidity and liquidity management, fair valuation procedures, investment compliance breaches.

There were no other significant events during the year.

17. Events after the Balance Sheet date

There have been no other significant events affecting the Fund since the year end.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (p)	2021 (p)	2020 (p)
A Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	4,356.47	4,012.40	3,666.46
Return before operating charges*	(1,494.47)	408.93	402.94
Operating charges	(43.13)	(64.86)	(57.00)
Return after operating charges*	(1,537.60)	344.07	345.94
Distributions on income shares	–	–	–
Closing net asset value per share	2,818.87	4,356.47	4,012.40
* including direct transaction costs of:	6.65	9.33	4.70
Performance			
Return after charges	(35.29%)	8.58%	9.44%
Other information			
Closing net asset value (£'000)	880	984	3,929
Closing number of shares	31,232	22,582	97,910
Operating charges	1.30%	1.59%	1.57%
Direct transaction costs	0.20%	0.23%	0.13%
Prices			
Highest share price	4,348.48	4,466.58	4,061.90
Lowest share price	2,750.36	3,970.94	2,845.72
	2022 (p)	2021 (p)	2020 (p)
A Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	5,918.02	5,450.64	4,980.70
Return before operating charges*	(2,030.84)	557.63	546.63
Operating charges	(58.41)	(90.25)	(76.69)
Return after operating charges*	(2,089.25)	467.38	469.94
Distributions on accumulation shares	–	–	–
Retained distributions on accumulation shares	–	–	–
Closing net asset value per share	3,828.77	5,918.02	5,450.64
* including direct transaction costs of:	8.96	12.99	6.28
Performance			
Return after charges	(35.30%)	8.57%	9.44%
Other information			
Closing net asset value (£'000)	1,588	1,538	6,700
Closing number of shares	41,471	25,981	122,925
Operating charges	1.30%	1.58%	1.57%
Direct transaction costs	0.20%	0.23%	0.13%
Prices			
Highest share price	5,907.17	6,067.60	5,517.88
Lowest share price	3,735.76	5,394.32	3,865.76

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (c)	2021 (c)	
A Class USD Hedge – Accumulation Shares⁽¹⁾			
Change in net assets per share			
Opening net asset value per share	1,025.62	1,000.00	
Return before operating charges*	–	30.24	
Operating charges	(0.96)	(4.62)	
Return after operating charges*	(0.96)	25.62	
Distributions on accumulation shares	–	(0.10)	
Retained distributions on accumulation shares	–	0.10	
Return to shareholder as a result of class closure	(1,024.66)	–	
Closing net asset value per share	–	1,025.62	
* including direct transaction costs of:	0.12	1.71	
Performance			
Return after charges	–%	2.56%	
Other information			
Closing net asset value (\$'000)	–	4,276	
Closing number of shares	–	416,957	
Operating charges	1.58%	1.59%	
Direct transaction costs	0.20%	0.23%	
Prices			
Highest share price	1,023.75	1,050.76	
Lowest share price	892.29	945.66	
	2022 (p)	2021 (p)	2020 (p)
R Class – Income Shares⁽²⁾			
Change in net assets per share			
Opening net asset value per share	1,160.89	1,067.09	1,000.00
Return before operating charges*	(399.33)	109.52	79.04
Operating charges	(7.21)	(12.80)	(9.85)
Return after operating charges*	(406.54)	96.72	69.19
Distributions on income shares	–	(2.92)	(2.10)
Closing net asset value per share	754.35	1,160.89	1,067.09
* including direct transaction costs of:	1.67	2.56	1.26
Performance			
Return after charges	(35.02%)	9.06%	6.92%
Other information			
Closing net asset value (£'000)	18,580	3,612	3,488
Closing number of shares	2,463,001	311,177	326,888
Operating charges	0.87%	1.14%	1.12%
Direct transaction costs	0.20%	0.23%	0.13%
Prices			
Highest share price	1,158.81	1,192.88	1,081.78
Lowest share price	736.09	1,056.44	755.61

⁽¹⁾ Share class launched on 11 August 2021 and was closed on 31 January 2022.

⁽²⁾ R Class Income shares launched on 5 February 2020.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (p)	2021 (p)	2020 (p)
R Class – Accumulation Shares⁽⁴⁾			
Change in net assets per share			
Opening net asset value per share	1,202.80	1,102.84	1,000.00
Return before operating charges*	(413.73)	113.18	112.60
Operating charges	(7.48)	(13.22)	(9.76)
Return after operating charges*	(421.21)	99.96	102.84
Distributions on accumulation shares	-	(3.00)	(1.38)
Retained distributions on accumulation shares	-	3.00	1.38
Closing net asset value per share	781.59	1,202.80	1,102.84
* including direct transaction costs of:	1.73	2.65	1.32
Performance			
Return after charges	(35.02%)	9.06%	10.28%
Other information			
Closing net asset value (£'000)	20,324	4,294	4,429
Closing number of shares	2,600,309	356,992	401,580
Operating charges	0.87%	1.14%	1.12%
Direct transaction costs	0.20%	0.23%	0.13%
Prices			
Highest share price	1,200.65	1,232.85	1,115.83
Lowest share price	762.68	1,091.84	779.40
	2022 (p)	2021 (p)	2020 (p)
Z Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	1,184.42	1,088.54	991.08
Return before operating charges*	(407.18)	111.98	110.11
Operating charges	(5.10)	(6.18)	(5.16)
Return after operating charges*	(412.28)	105.80	104.95
Distributions on income shares	(0.21)	(9.92)	(7.49)
Closing net asset value per share	771.93	1,184.42	1,088.54
* including direct transaction costs of:	1.86	2.62	1.29
Performance			
Return after charges	(34.81%)	9.72%	10.59%
Other information			
Closing net asset value (£'000)	4,431	7,792	7,279
Closing number of shares	573,948	657,862	668,666
Operating charges	0.55%	0.54%	0.52%
Direct transaction costs	0.20%	0.23%	1.29%
Prices			
Highest share price	1,182.38	1,223.72	1,108.12
Lowest share price	753.36	1,078.19	770.92

⁽⁴⁾ Share class launched on 24 February 2020.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (p)	2021 (p)	2020 (p)
Z Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,230.98	1,121.93	1,014.50
Return before operating charges*	(423.12)	115.41	112.70
Operating charges	(5.37)	(6.36)	(5.27)
Return after operating charges*	(428.49)	109.05	107.43
Distributions on accumulation shares	–	(10.22)	(7.66)
Retained distributions on accumulation shares	–	10.22	7.66
Closing net asset value per share	802.49	1,230.98	1,121.93
* including direct transaction costs of:	1.96	2.70	1.31
Performance			
Return after charges	(34.81%)	9.72%	10.59%
Other information			
Closing net asset value (£'000)	15,775	35,749	34,948
Closing number of shares	1,965,740	2,904,110	3,114,992
Operating charges	0.55%	0.54%	0.52%
Direct transaction costs	0.20%	0.23%	0.13%
Prices			
Highest share price	1,228.87	1,261.26	1,134.31
Lowest share price	782.97	1,111.26	789.13
	2022 (p)	2021 (p)	2020 (p)
Z II Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,214.32	1,111.17	1,008.80
Return before operating charges*	(417.02)	114.14	111.63
Operating charges	(7.73)	(10.99)	(9.26)
Return after operating charges*	(424.75)	103.15	102.37
Distributions on accumulation shares	–	(5.40)	(3.57)
Retained distributions on accumulation shares	–	5.40	3.57
Closing net asset value per share	789.57	1,214.32	1,111.17
* including direct transaction costs of:	1.91	2.67	1.30
Performance			
Return after charges	(34.98%)	9.28%	10.15%
Other information			
Closing net asset value (£'000)	6,925	12,046	11,594
Closing number of shares	877,006	992,030	1,043,408
Operating charges	0.81%	0.94%	0.92%
Direct transaction costs	0.20%	0.23%	0.13%
Prices			
Highest share price	1,212.18	1,244.50	1,123.99
Lowest share price	770.37	1,100.26	784.04

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (p)	2021 (p)	2020 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	2,253.87	2,071.62	1,887.15
Return before operating charges*	(773.50)	212.38	208.45
Operating charges	(15.08)	(24.61)	(21.09)
Return after operating charges*	(788.58)	187.77	187.36
Distributions on income shares	–	(5.52)	(2.89)
Closing net asset value per share	1,465.29	2,253.87	2,071.62
* including direct transaction costs of:	3.60	4.94	2.43
Performance			
Return after charges	(34.99%)	9.06%	9.93%
Other information			
Closing net asset value (£'000)	1,644	4,244	8,221
Closing number of shares	112,226	188,319	396,840
Operating charges	0.84%	1.14%	1.12%
Direct transaction costs	0.20%	0.23%	0.13%
Prices			
Highest share price	2,249.84	2,315.84	2,098.94
Lowest share price	1,429.66	2,050.94	1,466.08
	2022 (p)	2021 (p)	2020 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	2,388.20	2,189.72	1,991.95
Return before operating charges*	(819.58)	224.66	220.01
Operating charges	(15.99)	(26.18)	(22.24)
Return after operating charges*	(835.57)	198.48	197.77
Distributions on accumulation shares	–	(5.96)	(3.00)
Retained distributions on accumulation shares	–	5.96	3.00
Closing net asset value per share	1,552.63	2,388.20	2,189.72
* including direct transaction costs of:	3.81	5.24	2.56
Performance			
Return after charges	(34.99%)	9.06%	9.93%
Other information			
Closing net asset value (£'000)	4,891	12,837	16,909
Closing number of shares	315,016	537,497	772,220
Operating charges	0.84%	1.14%	1.12%
Direct transaction costs	0.20%	0.23%	0.13%
Prices			
Highest share price	2,383.94	2,447.86	2,215.51
Lowest share price	1,514.88	2,167.87	1,547.50

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (c)	2021 (c)
Institutional Class USD Hedge – Accumulation Shares⁽⁴⁾		
Change in net assets per share		
Opening net asset value per share	1,027.40	1,000.00
Return before operating charges*	–	30.71
Operating charges	(0.69)	(3.31)
Return after operating charges*	(0.69)	27.40
Distributions on accumulation shares	–	(1.86)
Retained distributions on accumulation shares	–	1.86
Return to shareholder as a result of class closure	(1,026.71)	
Closing net asset value per share	–	1,027.40
*including direct transaction costs of:	0.12	1.70
Performance		
Return after charges	–%	2.74%
Other information		
Closing net asset value (\$'000)	–	3,118
Closing number of shares	–	303,445
Operating charges	1.13%	1.14%
Direct transaction costs	0.20%	0.23%
Prices		
Highest share price	1,025.58	1,052.28
Lowest share price	894.14	946.28

⁽⁴⁾ Share class launched on 11 August 2021 and was closed on 31 January 2022.

Distribution Tables

Distribution in pence and cents per share

Group 1 Final Shares purchased prior to 1 January 2022

Group 2 Final Shares purchased between 1 January 2022 and 31 December 2022

A Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	–
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	–

A Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	–
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	–

A Class USD Hedge – Accumulation Shares⁽¹⁾

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(c)	(c)	(c)	(c)
Final	–	–	–	0.1000
Group 2	(c)	(c)	(c)	(c)
Final	–	–	–	0.1000

⁽¹⁾ Share class launched on 11 August 2021 and was closed on 31 January 2022.

R Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	2.9200
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	2.9200

R Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	3.0000
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	3.0000

Distribution Tables

Z Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	0.2100	–	0.2100	9.9200
Group 2	(p)	(p)	(p)	(p)
Final	0.2000	0.0100	0.2100	9.9200

Z Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	10.2200
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	10.2200

Z II Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	5.4000
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	5.4000

Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	5.5200
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	5.5200

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	5.9600
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	5.9600

Distribution Tables

Institutional Class USD Hedge – Accumulation Shares⁽²⁾

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(c)	(c)	(c)	(c)
Final	–	–	–	1.8600
Group 2	(c)	(c)	(c)	(c)
Final	–	–	–	1.8600

⁽²⁾ Share class launched on 11 August 2021 and was closed on 31 January 2022.

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.

Manager: Kevin Kruczynski

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2022 %	31 December 2021 %
United States	–	90.36
Japan	–	3.70
Net other assets	–	5.94
Total net assets	–	100.00

Analysis, by industry sector	31 December 2022 %	31 December 2021 %
Software & Services	–	24.16
Technology Hardware & Equipment	–	15.55
Health Care Equipment & Services	–	13.06
Media & Entertainment	–	10.29
Consumer Durables & Apparel	–	13.86
Consumer Services	–	6.11
Diversified Financials	–	2.22
Transportation	–	2.12
Telecommunication Services	–	2.06
Capital Goods	–	1.81
Materials	–	1.44
Banks	–	1.38
Net other assets	–	5.94
Total net assets	–	100.00

Analysis, by investment	31 December 2022 %	31 December 2021 %
Equity Quoted	–	94.06
Net other assets	–	5.94
Total net assets	–	100.00

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2022

Major purchases	Costs £'000	Major Sales	Proceeds £'000
Expedia	2,962	CVS Health	3,134
EPAM Systems	2,292	Lennar	2,892
Gen Digital	1,771	Cigna	2,366
Marvell Technology	1,601	Seagate Technology	2,284
Coinbase Global	1,428	PulteGroup	2,123
NVIDIA	1,380	Netflix	1,847
Cloudflare	1,331	Microsoft	1,775
Adobe	1,299	Bread Financial	1,629
Alphabet 'A' Shares	1,225	Sony ADR	1,532
AppLovin	1,195	Alphabet 'A' Shares	1,531
PTC	1,078	Expedia	1,394
Meta Platforms	1,048	Frontier Communications Parent	1,310
Walt Disney	1,032	Accenture	1,215
Okta	919	EPAM Systems	1,159
Sensata Technologies	883	Netapp	1,142
ROBLOX	879	Peloton Interactive	1,105
GoodRx	701	AppLovin	1,104
Intuitive Surgical	682	Meta Platforms	1,016
Illumina	647	Freeport-McMoRan	982
Taiwan Semiconductor Manufacturing ADR	644	Pure Storage	967
Total purchases for the year	34,336	Total sales for the year	41,416

Stocks shown as ADR's represent American Depositary Receipts.

Statement of Total Return

for the year ended 31 December 2022

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(16,207)		8,840
Revenue	3	165		780	
Expenses	4	(15)		(738)	
Interest payable and similar charges		(277)		(1)	
Net (expenses)/revenue before taxation		(127)		41	
Taxation	5	(20)		(81)	
Net expenses after taxation			(147)		(40)
Total return before distribution			(16,354)		8,800
Distribution	6		–		(3)
Change in net assets attributable to shareholders from investment activities			(16,354)		8,797

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		67,820		76,170
Amounts receivable on creation of shares	385		1,238	
Less: Amounts payable on cancellation of shares	(6,736)		(18,385)	
In specie transfer*	(45,115)		–	
		(51,466)		(17,147)
Change in net assets attributable to shareholders from investment activities		(16,354)		8,797
Closing net assets attributable to shareholders		–		67,820

* In specie amounts transferred to GAM Disruptive Growth Fund in the period following GAM North American Growth Fund merger.

Balance Sheet

as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Assets:			
Fixed Assets:			
Investments		–	63,789
Current assets:			
Debtors	8	–	108
Cash and bank balances	9	–	4,549
Total assets		–	68,446
Liabilities:			
Creditors:			
Other creditors	10	–	(626)
Total other liabilities		–	(626)
Net Assets Attributable to Shareholders		–	67,820

Notes to the Financial Statements

1. Investments at Fair Value

Fair Value Hierarchy

SORP requires disclosures of financial instruments measured at fair value to be based on three classifications of hierarchy that reflects the significance of the inputs in such fair value measurements.

The hierarchy gives the highest priority to quoted prices for identical instruments in active markets and lowest priority to valuation techniques using non-observable data. The three classifications of the fair value hierarchy are as follows:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Fund uses the "market approach" valuation technique to value its investments. Inputs are determined by observable data. A financial instrument's classification within the fair value hierarchy is based on the lowest classification of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" may require significant judgment but can generally be considered as that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the risk of that instrument.

The following table analyses within the fair value hierarchy of the financial assets and liabilities measured at fair value at 31 December 2022 and 31 December 2021:

Valuation technique	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	–	–	63,789	–
Level 2	–	–	–	–
Level 3	–	–	–	–
Total investments at fair value	–	–	63,789	–

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	2022 £'000	2021 £'000
Non-derivative securities	(16,181)	9,023
Forward foreign exchange currency contracts	–	2
Currency losses	(18)	(174)
Handling charges	(3)	(11)
Transfer to GAM Disruptive Growth Fund	(5)	–
Net capital (losses)/gains	(16,207)	8,840

3. Revenue

	2022 £'000	2021 £'000
UK dividends	4	–
Overseas dividends	160	780
Bank interest	1	–
Total revenue	165	780

Notes to the Financial Statements

4. Expenses

	2022 £'000	2021 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	227	668
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	5	14
Safekeeping charge	(1)	3
Other expenses:		
Audit fees	–	17
Other	(216)	36
Total expenses	15	738

5. Taxation

	2022 £'000	2021 £'000
a) Analysis of tax charge in the year:		
Overseas tax	20	81
Total current tax (note 5b)	20	81

b) Factors affecting current tax charge for the year:

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2021: 20%). The differences are explained below:

Net (expenses)/revenue before taxation	(127)	41
Corporation tax of 20% (2021: 20%)	(25)	8
Effects of:		
Revenue not subject to taxation	(32)	(158)
Movement in excess management expenses	57	150
Overseas tax	20	81
Current tax charge for year (note 5a)	20	81

c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £5,951,470 (2021: £5,894,313) relating to surplus management expenses.

Notes to the Financial Statements

6. Distribution

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	2022 £'000	2021 £'000
Final	–	–
Add: Revenue deducted on cancellation of shares	–	3
Deduct: Revenue received on creation of shares	–	–
Net distribution for the year	–	3
Reconciliation of net revenue after taxation to the net distributions for the year		
Net expenses after taxation	(147)	(40)
Income deficit transfer to capital	147	43
Net distribution for the year	–	3

7. Debtors

	2022 £'000	2021 £'000
Amounts receivable for issue of shares	–	81
Accrued revenue	–	27
Total debtors	–	108

8. Cash and bank balances

	2022 £'000	2021 £'000
Cash and bank balances	–	4,549
Total cash and bank balances	–	4,549

9. Creditors

	2022 £'000	2021 £'000
Purchases awaiting settlement	–	5
Amounts payable for cancellation of shares	–	326
Accrued expenses	–	295
Total creditors	–	626

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2022 Opening shares in issue	Issued	Redeemed	Shares converted	2022 Closing shares in issue
Income Shares	10,579	–	(10,579)	–	–
Accumulation Shares	47,801	199	(48,000)	–	–
R Class – Income Shares	87,869	–	(87,869)	–	–
R Class – Accumulation Shares	198,894	–	(198,894)	–	–
Institutional Class – Income Shares	1,026,576	4,587	(1,031,163)	–	–
Institutional Class – Accumulation Shares	1,046,678	9,783	(1,056,461)	–	–

The capital of the sub-fund is represented by the net assets attributable to Shareholders. The amount of net assets attributable to Shareholders can change significantly on a regular basis as the sub-fund is subject to regular subscriptions and redemptions at the discretion of Shareholders subject to the notice periods per the Prospectus.

Notes to the Financial Statements

11. Related party transactions

All material related party transactions, as set out in Financial Reporting Standard 8 "Related Party Disclosures", have been disclosed in the notes to the financial statements.

GAM Sterling Management Limited as ACD, is a related party, and acts as principal in respect of transactions of shares in the Company. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

At the year end accrued expenses included amounts owing to the ACD of £nil (2021: £54,192). The charge for the year is disclosed in Note 4.

All other material related party transactions have been disclosed in the notes to the financial statements.

12. Share classes

Before the fund and all six shareclasses closed on 13 June 2022, the ACD's period charge on each share class was as follows:

	%
Income Shares:	1.50
Accumulation Shares:	1.50
R Class – Income Shares:	0.90
R Class – Accumulation Shares:	0.90
Institutional Class – Income Shares:	0.90
Institutional Class – Accumulation Shares:	0.90

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 41 to 43.

All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 31 December 2022, the Fund had no capital commitments (2021: £nil) and no contingent liabilities (2021: £nil).

14. Derivatives and other financial instruments

The main risks arising from the Fund's financial instruments were market price, foreign currency, liquidity, redemption, credit and interest rate risk.

(a) Market price risk

Market price risk arises from uncertainty about future prices of financial instruments held. It represents the potential loss the Funds might suffer through holding market positions in the face of price movements. The Investment Adviser takes into consideration the asset allocation of the portfolio when assessing the risk profile associated with particular countries or industry sectors whilst continuing to follow the investment objectives of the Funds and by regularly reviewing and evaluating the Funds' potential exposure to market risk using the commitment method.

With all other variables staying the same, if market prices increase or decrease by 10%, then the impact on the portfolio will be an increase or decrease of 10% (£nil) (2021: £6,378,860).

(b) Foreign currency risk

A substantial portion of the financial assets of the Fund may be denominated in currencies other than the base currency of the Fund with the effect that the balance sheet and total return can be significantly affected by currency movements. The Fund may enter into forward foreign currency exchange contracts in order to hedge against currency movements. However, it is not always possible to precisely match the forward foreign exchange amount and the value of such securities may vary as a consequence of market movements over the life of the forward exchange contract.

As at 31 December the sub-fund had the following net currency exposure (excluding sterling):

	Currency exposure 2022 £'000	Currency exposure 2021 £'000
US dollar	–	64,138
Total	–	64,138

A 10% increase/decrease in the GBP exchange rate against all other currencies, assuming all other factors remained the same, would have a £nil decrease (2021: £6,850,470) and £nil increase (2021: £7,535,517) respectively on the net assets of the Fund.

Notes to the Financial Statements

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. However, the assets of the Fund comprise mainly realisable securities, which can be readily sold. The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual settlement date. Balances as set out in the table below have not been discounted, as the impact of discounting is not significant.

As at 31 December 2022	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	–	–
Purchases awaiting settlement	–	–
Accrued expenses	–	–
Net assets attributable to shareholders	–	–
	–	–
As at 31 December 2021	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	326	–
Purchases awaiting settlement	5	–
Accrued expenses	295	–
Net assets attributable to shareholders	67,820	–
	68,446	–

(d) Redemption risk

The redemption risk for the Fund is the redemption of any shares that investors wish to sell. Large redemptions of shares in the Fund might result in the Fund being forced to sell assets at a time, under circumstances and at a price where it would, instead, normally prefer not to dispose of those assets.

(e) Credit risk

The Fund is exposed to credit risk on counterparties with whom it trades and may bear the risk of settlement default. Counterparty risk is limited in that most securities are settled on delivery against payment in the recognised clearing systems and the risk of default is considered minimal as security delivery and payment are simultaneous.

At 31 December 2022 the Fund held cash deposits of £nil (2021: £4,549,453) with State Street Trustees Limited, £nil (2021: £1) with ABN AMRO. The credit risk to the Fund is the risk that the counterparties default on their obligation to repay the Fund. The Fund manages this credit risk by only holding deposits with approved brokers that belong to an internationally recognised financial services firm.

The Investment Adviser manages credit risk for derivative transactions by only using approved brokers that belong to an internationally recognised financial services firm or alternatively command a high market share in a given market segment.

(f) Interest rate risk

The Funds may hold cash balances which are subject to a floating rate of interest. At the year end, floating rates were tracked against the Bank of England base rate -0.5% and for any overdrafts the Bank of England base rate +1%. The amount of the cash balances are set out in the notes to the financial statements for each Fund.

(g) Gains and losses on financial assets

The net capital gains from trading in financial assets and financial liabilities shown in the Statement of Total Return are analysed in note 2 of the Financial Statements.

(h) Fair value of financial assets and financial liabilities

All the assets of the Fund are held at fair value as determined in accordance with the accounting policies.

Notes to the Financial Statements

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Equities	34,327	84,129	81,954	104,112
Trades in the year before transaction costs	34,327	84,129	81,954	104,112
Commissions				
Equities	9	23	(10)	(28)
Total commissions	9	23	(10)	(28)
Taxes				
Equities	–	–	–	(1)
Total taxes	–	–	–	(1)
Total costs	9	23	(10)	(29)
Total net trades in the year after transaction costs	34,336	84,152	81,944	104,083

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	2022 %	2021 %	2022 %	2021 %
Commissions				
Equities	0.03	0.03	(0.01)	(0.03)
Taxes				
Equities	–	–	–	–

Total transaction cost expressed as a percentage of average net asset value.

	2022 %	2021 %
Commissions	0.04	0.07
Taxes	–	–
Total costs	0.04	0.07

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (2021: 0.04%).

16. Events during the year

On 23 February 2022 a new prospectus of the Company was issued.

On 13 June 2022, GAM North American Growth merged with GAM Disruptive Growth (formerly GAM Global Diversified). The merger was completed by an in-specie transfer of assets from GAM North American Growth to GAM Disruptive Growth.

On 1 July 2022 and on 26 July 2022 a new prospectus of the Company was issued.

The Authorised Corporate Director of the Fund acknowledges the military actions engaged by Russia in Ukraine and its potential to negatively impact the markets in which the Fund's assets are invested. The ultimate impact on the Fund remains uncertain and can vary according to the countries, asset classes, industry sectors and securities they are invested in. The Authorised Corporate Director and Investment Adviser are closely monitoring the impact on the Fund including any impact on liquidity and liquidity management, fair valuation procedures, investment compliance breaches.

There were no other significant events during the year.

17. Events after the Balance Sheet date

The Fund was Terminated on 1 January 2023.

There have been no other significant events affecting the Fund since the year end.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (p)	2021 (p)	2020 (p)
Income Shares			
Change in net assets per share			
Opening net asset value per share	4,473.19	3,983.48	4,014.62
Return before operating charges*	–	558.54	28.52
Operating charges	(11.22)	(68.83)	(59.66)
Return after operating charges*	(11.22)	489.71	(31.14)
Distributions on income shares	–	–	–
Return to shareholder as a result of class closure	(4,461.97)	–	–
Closing net asset value per share	–	4,473.19	3,983.48
* including direct transaction costs of:	1.36	3.09	3.00
Performance			
Return after charges	(0.25%)	12.29%	(0.78%)
Other information			
Closing net asset value (£'000)	–	473	438
Closing number of shares	–	10,579	10,998
Operating charges	0.65%	1.61%	1.58%
Direct transaction costs	0.04%	0.07%	0.08%
Prices			
Highest share price	N/A	4,588.75	4,107.87
Lowest share price	N/A	3,912.62	2,915.38
	2022 (p)	2021 (p)	2020 (p)
Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	5,577.99	4,967.32	5,006.21
Return before operating charges*	–	696.27	35.06
Operating charges	(14.23)	(85.60)	(73.95)
Return after operating charges*	(14.23)	610.67	(38.89)
Distributions on accumulation shares	–	–	–
Retained distributions on accumulation shares	–	–	–
Return to shareholder as a result of class closure	(5,563.76)	–	–
Closing net asset value per share	–	5,577.99	4,967.32
* including direct transaction costs of:	1.73	3.85	3.73
Performance			
Return after charges	(0.26%)	12.29%	(0.78%)
Other information			
Closing net asset value (£'000)	–	2,666	3,750
Closing number of shares	–	47,801	75,494
Operating charges	0.65%	1.61%	1.58%
Direct transaction costs	0.04%	0.07%	0.08%
Prices			
Highest share price	N/A	5,722.09	5,122.49
Lowest share price	N/A	4,878.95	3,635.42

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (p)	2021 (p)	2020 (p)
R Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	1,120.77	992.10	1,000.00
Return before operating charges*	–	139.46	4.89
Operating charges	(0.23)	(10.79)	(8.42)
Return after operating charges*	(0.23)	128.67	(3.53)
Distributions on income shares	–	–	(4.37)
Return to shareholder as a result of class closure	(1,120.54)	–	–
Closing net asset value per share	–	1,120.77	992.10
* including direct transaction costs of:	0.34	0.77	0.22
Performance			
Return after charges	(0.02%)	12.97%	(0.35%)
Other information			
Closing net asset value (£'000)	–	985	927
Closing number of shares	–	87,869	93,450
Operating charges	0.05%	1.01%	0.97%
Direct transaction costs	0.04%	0.07%	0.08%
Prices			
Highest share price	N/A	1,148.79	1,029.01
Lowest share price	N/A	975.46	736.55
	2022 (p)	2021 (p)	2020 (p)
R Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,142.20	1,011.07	1,000.00
Return before operating charges*	–	142.12	19.01
Operating charges	(0.24)	(10.99)	(7.94)
Return after operating charges*	(0.24)	131.13	11.07
Distributions on accumulation shares	–	–	(4.01)
Retained distributions on accumulation shares	–	–	4.01
Return to shareholder as a result of class closure	(1,141.96)	–	–
Closing net asset value per share	–	1,142.20	1,011.07
* including direct transaction costs of:	0.35	0.79	2.49
Performance			
Return after charges	(0.02%)	12.97%	1.11%
Other information			
Closing net asset value (£'000)	–	2,272	2,476
Closing number of shares	–	198,894	244,831
Operating charges	0.05%	1.01%	0.98%
Direct transaction costs	0.04%	0.07%	0.26%
Prices			
Highest share price	N/A	1,170.77	1,020.41
Lowest share price	N/A	994.11	725.91

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (p)	2021 (p)	2020 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	2,935.12	2,598.15	2,612.87
Return before operating charges*	–	365.20	19.06
Operating charges	(0.61)	(28.23)	(23.77)
Return after operating charges*	(0.61)	336.97	(4.71)
Distributions on income shares	–	–	(10.01)
Return to shareholder as a result of class closure	(2,934.51)	–	–
Closing net asset value per share	–	2,935.12	2,598.15
* including direct transaction costs of:	0.90	2.02	1.94
Performance			
Return after charges	(0.02%)	12.97%	(0.18%)
Other information			
Closing net asset value (£'000)	–	30,131	33,531
Closing number of shares	–	1,026,576	1,290,574
Operating charges	0.05%	1.01%	0.98%
Direct transaction costs	0.04%	0.07%	0.08%
Prices			
Highest share price	N/A	3,008.51	2,674.30
Lowest share price	N/A	2,554.57	1,900.02
	2022 (p)	2021 (p)	2020 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	2,989.67	2,646.44	2,651.22
Return before operating charges*	–	371.99	19.38
Operating charges	(0.62)	(28.76)	(24.16)
Return after operating charges*	(0.62)	343.23	(4.78)
Distributions on accumulation shares	–	–	(10.04)
Retained distributions on accumulation shares	–	–	10.04
Return to shareholder as a result of class closure	(2,989.05)	–	–
Closing net asset value per share	–	2,989.67	2,646.44
* including direct transaction costs of:	0.91	2.06	1.97
Performance			
Return after charges	(0.02%)	12.97%	(0.18%)
Other information			
Closing net asset value (£'000)	–	31,293	35,048
Closing number of shares	–	1,046,678	1,324,337
Operating charges	0.05%	1.01%	0.98%
Direct transaction costs	0.04%	0.07%	0.08%
Prices			
Highest share price	N/A	3,064.43	2,713.56
Lowest share price	N/A	2,602.05	1,927.91

Distribution Tables

No distribution

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 UK Diversified merged into GAM UK Equity Income on 2 August 2018.

Statement of Total Return

for the year ended 31 December 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		–		–
Revenue	–		–	
Expenses	–		–	
Interest payable and similar charges	–		–	
Net revenue before taxation	–		–	
Taxation	–		–	
Net revenue after taxation		–		–
Total return before distribution		–		–
Distribution		–		–
Change in net assets attributable to shareholders from investment activities		–		–

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		–		–
Amounts receivable on creation of shares	–		–	
Less: Amounts payable on cancellation of shares	–		–	
		–		–
Change in net assets attributable to shareholders from investment activities		–		–
Closing net assets attributable to shareholders		–		–

Balance Sheet

as at 31 December 2022

	2022 £'000	2021 £'000
Assets:		
Current assets:		
Cash and bank balances	–	12
Total assets	–	12
Liabilities:		
Creditors:		
Distribution payable	–	–
Other creditors	–	(12)
Total other liabilities	–	(12)
Net Assets Attributable to Shareholders	–	–

Notes to the Financial Statements

The GAM UK Diversified Fund merged into GAM UK Equity Income Fund on 2 August 2018. The value of including the supporting notes to the Financial Statements on this closed Fund has been assessed and notes have been omitted due to minimal activity in the year.

Net Asset Value and Comparative Tables

The GAM UK Diversified Fund merged into GAM UK Equity Income Fund on 2 August 2018. The value of including the Comparative Tables on this closed Fund has been assessed and omitted due to no activity in the tables.

Distribution Tables

No distribution

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 Credit Opportunities (GBP)

Manager: Anthony Smouha, Gregoire Mivelaz & Patrick Smouha, ATLANTICOMNIUM S.A.

Commentary (unaudited)

Macro Backdrop

2022 was a difficult year for risk assets. More persistent and higher than expected inflation in developed markets created strong volatility within interest rates. This strong volatility created a risk-off environment. The war in Ukraine exacerbated the inflation issues, notably due to its impact on commodity prices. Moreover, events in the UK following the budget plans of the Truss government also contributed to a fall in prices, notably in September. During 2022, we saw the 10-year UK Gilt yield go from less than 1% to more than 3.5% at the end of the year. However, it is more the spread widening which impacted the performance of our securities.

For instance, spreads on GBP Additional Tier 1 (AT1) contingent convertibles (CoCos) almost doubled during the year from slightly more than 300 basis points (bps) above government bond rates to 600 bps at the end of the year. This is despite the fact that the credit fundamentals of financials remain strong. Non-performing loans (NPLs) for European and UK banks are currently at all-time lows, and capital ratios remain close to all-time highs for both banks and insurances. Moreover, higher interest rates mean higher net interest income (NII) for banks, which has been translating into higher profitability and return on equity. This should outweigh any increase in NPLs resulting from the macroeconomic uncertainty. As such, we believe we are well positioned to recover the downward moves of 2022. As we have seen in the past, the fund has tended to recover within the following 12 months. We believe the strong income the fund is generating should help us going forward. We have started seeing some recovery in Q4 and believe it should continue.

Within subordinated debt, we are currently capturing extremely high income. As an example, Barclays 6.375% Perp currently has a yield to next call in 2025 of more than 9.4%. We also observe that a large part of the subordinated debt market is still pricing extension risk, in spite of the fact that AT1, Restricted Tier 1 (RT1) and corporate hybrids are perpetual bonds which have call dates and a strong track record of being called at first call date. This was confirmed by UBS, which called the UBS 5% AT1 CoCo. This was a strong message from an issuer and was in line with what we had seen in the past from core issuers. For instance, Credit Suisse and Barclays had refinanced AT1s at higher costs in June 2022. We therefore believe that extension risk is overstated. During risk-off environments such as in 2022, callable perpetual bonds tend to reprice to maturity, creating a double-negative effect on prices. However, the opposite is true too, ie when markets begin to normalise, spreads of those bonds start to tighten, leading to a repricing to next call date and sequentially creating a double-positive effect on prices. As a majority of our bonds are pricing the extension risk, we believe they should benefit going forward as valuations tighten. In the meantime, we are receiving considerably high income.

Credit Quality

Strong as indicated by average rating of bonds that is A- for issuers. Capital and excess capital remain at very strong levels.

Income

The fund captured an income of 5.15% in 2022. With a yield to call of close to 9%, we are going to capture significantly higher income in 2023.

Performance

The institutional share class was down 12.86% during 2022, having captured 5.15% income, which means that prices of the bonds went down significantly in 2022. As stated above, we believe that our fund is well positioned to recover from the downward moves in 2022. This will partially be from the high income we are generating and some recovery in prices.

Positioning: no major changes were conducted, and the fund remains robust and well positioned in terms of credit/interest rate/liquidity risk:

- **Single positions:** as long term buy and hold investors when we have conviction in the credit quality of our companies, we did not feel we needed to make any substantial changes to the fund. As an example, four out of the top five holdings per issue are the same as what we had in December 2021. While there are always changes in individual bond issues within the fund, the holdings remain national champions such as HSBC, Lloyds or Rabobank.
- **Capital structure:** We have maintained our diversification along the capital structure. Tactical changes were made within the capital structure as callable perpetuals repriced to maturity, creating interesting investment opportunities. As such, we have increased our exposure to AT1 CoCos and RT1s as prices were falling. This should enable us to benefit more strongly from the future price recoveries. Our positioning can best be described as follows: 6.53% in senior unsecured, 6.36% in corporate hybrids, 22.11% in Tier 2 bonds, 9.85% in Tier 1 bonds, 9.41% in RT1 (Tier 1 subordinated debt from insurers under Solvency 2), 33.55% in AT1 (Tier 1 subordinated debt from banks under Basel III) and cash at 12.18%.
- **Asset type:** We increased our exposure to fixed-to-floater bonds and decreased our exposure to fixed bonds. Our positioning by asset type can best be described as follows: 49.27% in fixed-to-floater perpetual, 12.20% in fixed perpetual, 20.49% in fixed-to-floater bonds, 5.38% in fixed-dated bonds, 0.48% in undated floating-rate notes (FRNs) and cash at 12.18%. This positioning serves our aim to be interest rate insensitive or indifferent, by maintaining a diversification between fixed rate bonds that do well when rates decline and fixed to floaters and floating rate notes which protect us when rates rise. This approach has served us well in times of rising interest rates in the past. In strong bond markets our excess income compensates somewhat against our lack of interest rate sensitivity.
- **Issuer rating:** Positioning has not changed. We have more than 90% of the issuers which are rated investment grade.
- **Sector and sub-sector:** In 2022 we maintained a strong positioning of more than 80% within financials, where banks and insurances represent the larger proportion with 62.12% and 14.11% respectively. As stated above, credit fundamentals of financials remain robust and moreover financial should benefit from higher interest rates. As such, we believe we will maintain our strong bias towards financials. Our small holdings in non-financial companies were maintained in order to enable us to increase diversification within our funds and benefit from strong credit stories.

Valuation

With a large number of securities which have spreads of around 600 bps, valuations of our securities are extremely attractive, especially considering the strong fundamentals of our credits. Moreover, as stated above, a large number of our securities are still pricing extension risk. Therefore, they should benefit going forward.

Liquidity

The market liquidity remains robust. This being said, maintaining good liquidity is an important part of our management of the fund and we do not just rely on market liquidity. Our focus on diversification across number of holdings (118 holdings), types of holdings, different maturities and capital structures also contributed to our being able to maintain excellent liquidity for the fund throughout the year.

Outlook

With a yield to call of close to 9%, we should be capturing significant income during 2023. Moreover, with spreads of 600 bps, we believe valuations are attractive. Finally, we also believe that our securities are going to benefit strongly from the repricing to call. As such, we have a very positive outlook going forward. Our base case is for double digit returns for 2023, one-third stemming from income and two-third stemming from price appreciation (which would equal to ca. 15%).

Environmental, Social and Governance (ESG)

GAM Star Credit Opportunities (GBP) (the “Master Fund”) is positioned as an SFDR article 8. This positioning follows the integration of ESG into our research and investment process, supplemented with sustainability exclusion criteria. These two pillars are aligned with our approach, long-term buy and hold investors based on bottom-up credit convictions. With the full integration of ESG we maintain our long-term forward-looking view on the robustness of the issuers we invest in. On the other hand, our sustainability exclusion criteria follow the sector exclusions outlined in our ESG policy for ethical reasons (weapons, tobacco, alcohol, gambling) and adding sectors most vulnerable to climate change (coal, oil sands) and companies with the most serious ESG breaches.

External ESG data provider MSCI is leveraged to help identify key ESG trends and topical issues material to the analysis of issuers. This is the starting point of the ESG analysis, where ESG ratings help to provide an indication of risk of issuers from a credit perspective. Analysts then conduct internal research on key issue areas of focus for specific issuers. Based on MSCI, the fund has a high ESG rating.

21 February 2023

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2022 %	31 December 2021 %
Ireland	100.15	100.10
Net other liabilities	(0.15)	(0.10)
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2022 %	31 December 2021 %
Collective Investment Schemes	100.15	100.10
Net other liabilities	(0.15)	(0.10)
Total net assets	100.00	100.00

Analysis, by investment	31 December 2022 %	31 December 2021 %
Bond Fund	100.15	100.10
Net other liabilities	(0.15)	(0.10)
Total net assets	100.00	100.00

Risk and Reward Profile (unaudited)



The risk indicator is based on the volatility of the Fund's performance over the last 5 years. Where 5 years' performance history is not available the data is supplemented by proxy fund, benchmark data or a simulated historical series as appropriate.

- The Fund is assigned to the above category based on its historical fluctuations in value.
- The indicator helps investors to have a better understanding of the potential gains and losses related with the Fund. In this context, even the lowest category does not represent a risk-free investment.
- This profile is determined using historical data, as such may not be a reliable indication for the future risk profile. It is not guaranteed and may shift over time.
- This allocation to a risk category may change over time because the future performance of the Fund may fluctuate differently from in the past.
- The Fund does not offer the investor a guaranteed return. Nor does it guarantee the fixed repayment of the money invested in the Fund by the investor.

Further risks that may have a significant effect on the net asset value of the Fund include:

- **Liquidity Risk:** some investments can be difficult to sell quickly which may affect the value of the Fund and, in extreme market conditions, its ability to meet redemption requests.
- **Credit Risk/Debt Securities:** bonds may be subject to significant fluctuations in value. Bonds are subject to credit risk and interest rate risk.
- **Concentration Risk:** concentration in a limited number of securities and industry sectors may result in more volatility than investing in broadly diversified funds.
- **Credit Risk/Non-Investment Grade:** non-investment grade securities, which will generally pay higher yields than more highly rated securities, will be subject to greater market and credit risk, affecting the performance of the Fund.
- **Capital at Risk:** all financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.
- **Interest Rate Risk:** a rise or fall in interest rates causes fluctuations in the value of fixed income securities, which may result in a decline or an increase in the value of such investments.

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund.

Portfolio Statement

as at 31 December 2022

Holdings	Description	Market Value £'000	% of Net Assets
	Collective Investment Schemes 100.15% (December 2021: 100.10%)		
4,965,431	GAM Star Credit Opportunities Fund GBP QZ II Acc †*	46,646	100.15
		46,646	100.15
	Total Investments	46,646	100.15
	Net other liabilities	(70)	(0.15)
	Total net assets	46,576	100.00

All investments are Collective Investment Scheme unless otherwise stated.

† A related party to the Fund.

* Details of the Master Fund are available at www.gam.com/en/documents.

GAM Credit Opportunities (GBP)

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2022

Total Purchases	Cost £'000
GAM Star Credit Opportunities Fund GBP QZ II Acc	16,633
Total purchases for the year	16,633

Total Sales	Proceeds £'000
GAM Star Credit Opportunities Fund GBP QZ II Acc	47,111
Total sales for the year	47,111

Statement of Total Return

for the year ended 31 December 2022

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(10,851)		531
Revenue	3	2,896		2,125	
Expenses	4	(572)		(562)	
Net revenue before taxation		2,324		1,563	
Taxation	5	–		–	
Net revenue after taxation			2,324		1,563
Total return before distribution			(8,527)		2,094
Distribution	6		(2,342)		(1,608)
Change in net assets attributable to shareholders from investment activities			(10,869)		486

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		84,997		47,973
Amounts receivable on creation of shares	16,148		47,695	
Less: Amounts payable on cancellation of shares	(45,588)		(13,205)	
		(29,440)		34,490
Change in net assets attributable to shareholders from investment activities		(10,869)		486
Retained distribution on accumulation shares		1,888		2,048
Closing net assets attributable to shareholders		46,576		84,997

GAM Credit Opportunities (GBP)

Balance Sheet

as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Assets:			
Fixed Assets:			
Investments		46,646	85,079
Current assets:			
Debtors	7	175	172
Cash and bank balances	8	–	18
Total assets		46,821	85,269
Liabilities:			
Creditors:			
Bank overdrafts		(9)	–
Distribution payable		(64)	(124)
Other creditors	9	(172)	(148)
Total other liabilities		(245)	(272)
Net Assets Attributable to Shareholders		46,576	84,997

Notes to the Financial Statements

1. Investments at Fair Value

Fair Value Hierarchy

SORP requires disclosures of financial instruments measured at fair value to be based on three classifications of hierarchy that reflects the significance of the inputs in such fair value measurements.

The hierarchy gives the highest priority to quoted prices for identical instruments in active markets and lowest priority to valuation techniques using non-observable data. The three classifications of the fair value hierarchy are as follows:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Fund uses the "market approach" valuation technique to value its investments. Inputs are determined by observable data. A financial instrument's classification within the fair value hierarchy is based on the lowest classification of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" may require significant judgment but can generally be considered as that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the risk of that instrument.

The following table analyses within the fair value hierarchy of the financial assets and liabilities measured at fair value at 31 December 2022 and 31 December 2021:

Valuation technique	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	–	–	–	–
Level 2	46,646	–	85,079	–
Level 3	–	–	–	–
Total investments at fair value	46,646	–	85,079	–

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	2022 £'000	2021 £'000
Non-derivative securities	(10,851)	553
Handling charges	–	(22)
Net capital (losses)/gains	(10,851)	531

3. Revenue

	2022 £'000	2021 £'000
Offshore distribution taxable from Collective Investment Schemes	2,896	2,125
Total revenue	2,896	2,125

Notes to the Financial Statements

4. Expenses

	2022 £'000	2021 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	533	542
Capped OCF rebate	(4)	(15)
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	11	11
Other expenses:		
Audit fees	32	24
Total expenses	572	562

5. Taxation

	2022 £'000	2021 £'000
a) Analysis of tax charge in the year:		
Corporation tax	–	–
Total current tax (note 5b)	–	–

b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2021: 20%). The differences are explained below:

Net revenue before taxation	2,324	1,563
Corporation tax of 20% (2021: 20%)	465	313
Effects of:		
Tax deductible interest distributions	(465)	(313)
Current tax charge for year (note 5a)	–	–

c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

6. Distribution

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	2022 £'000	2021 £'000
Final	1,964	2,322
Add: Revenue deducted on cancellation of shares	787	152
Deduct: Revenue received on creation of shares	(409)	(866)
Net distribution for the year	2,342	1,608

7. Debtors

	2022 £'000	2021 £'000
Sales awaiting settlement	63	11
Amounts receivable for issue of shares	108	146
Reimbursement for capped expenses	4	15
Total debtors	175	172

Notes to the Financial Statements

8. Cash and bank balances

	2022 £'000	2021 £'000
Cash and bank balances	–	18
Total cash and bank balances	–	18

9. Creditors

	2022 £'000	2021 £'000
Purchases awaiting settlement	47	55
Amounts payable for cancellation of shares	89	12
Accrued expenses	36	81
Total creditors	172	148

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2022 Opening shares in issue	Issued	Redeemed	Shares converted	2022 Closing shares in issue
Z Class – Income Shares	851,959	130,531	(849,865)	–	132,625
Z Class – Accumulation Shares	2,062,971	37,360	(1,838,198)	–	262,132
Institutional Class – Income Shares	122,482	38,479	(31,845)	–	129,116
Institutional Class – Accumulation Shares	4,167,153	1,313,680	(1,597,237)	–	3,883,597

11. Related party transactions

All material related party transactions, as set out in Financial Reporting Standard 8 “Related Party Disclosures”, have been disclosed in the notes to the financial statements.

The ACD is authorised to operate umbrella cash accounts held in the name of the Company and it has delegated such authority to the Transfer Agent. All subscriptions and redemptions from the relevant Fund will be channelled and managed through such umbrella cash accounts. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

The Fund which is managed by Atlanticomnium S.A. invests primarily in GAM Star Credit Opportunities (GBP) (the “Master Fund”) which is also managed by Atlanticomnium S.A.

At the year end accrued expenses included amounts owing to the ACD of £37,162 (2021: £60,619). The charge for the year is disclosed in Note 4.

Included in the investment portfolio is a holding of 4,965,431 units in GAM Star Credit Opportunities Fund GBP QZ II Accumulation Class of the Master Fund with a market value of £46,645,759. Revenue from this holding is shown in note 3.

As at 31 December 2022, one shareholder (2021: none) held over 20% of value of the Fund.

All other material related party transactions have been disclosed in the notes to the financial statements.

12. Share classes

The Fund has four share classes.

The ACD's periodic charge on each share class is as follows:

	%
Z Class – Income Shares:	0.80
Z Class – Accumulation Shares:	0.80
Institutional Class – Income Shares :	1.00
Institutional Class – Accumulation Shares :	1.00

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 62 and 63.

The distribution per share class is given in the Distribution Table on page 64.

All share classes have the same rights on winding up.

Notes to the Financial Statements

13. Feeder Fund

The aggregate charges of GAM Credit Opportunities (GBP) and GAM Star Credit Opportunities (GBP) QZ II Accumulation are £588,984 (2021: £531,433). The latest annual report of the Master Fund is available on www.gam.com.

14. Capital commitments and contingent liabilities

On 31 December 2022, the Fund had no capital commitments (2021: £nil) and no contingent liabilities (2021: £nil).

15. Derivatives and other financial instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity, redemption, credit and interest rate risk.

(a) Market price risk

Market price risk arises from uncertainty about future prices of financial instruments held. It represents the potential loss the Funds might suffer through holding market positions in the face of price movements. The Investment Adviser takes into consideration the asset allocation of the portfolio when assessing the risk profile associated with particular countries or industry sectors whilst continuing to follow the investment objectives of the Funds' and by regularly reviewing and evaluating the Funds potential exposure to market risk using the commitment method.

With all other variables staying the same, if market prices increase or decrease by 10%, then the impact on the portfolio will be an increase or decrease of 10% (£4,644,576) (2021: £8,499,717).

(b) Foreign currency risk

A portion of the financial assets of the Fund may be denominated in currencies other than the base currency of the Fund with the effect that the balance sheet and total return can be significantly affected by currency movements. The Fund may enter into forward foreign currency exchange contracts in order to hedge against currency movements. However, it is not always possible to precisely match the forward foreign exchange amount and the value of such securities may vary as a consequence of market movements over the life of the forward exchange contract.

As at 31 December the Fund had no net currency exposure however the Fund through its holding in the Master Fund may be exposed to currency risk.

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. However, the assets of the Fund comprise mainly realisable securities, which can be readily sold.

The ACD may with prior agreement of the Depositary, temporarily suspend the issue, redemption and exchange of shares in the Fund where due to exceptional circumstances it is in the interests of all the shareholders in the Fund.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual settlement date. Balances as set out in the table below have not been discounted, as the impact of discounting is not significant.

As at 31 December 2022	<1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	89	–
Purchases awaiting settlement	47	–
Accrued expenses	36	–
Distribution payable on income shares	–	64
Net assets attributable to shareholders	46,576	–
	46,748	64
As at 31 December 2021	<1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	12	–
Purchases awaiting settlement	55	–
Accrued expenses	81	–
Distribution payable on income shares	–	124
Net assets attributable to shareholders	84,997	–
	85,145	124

(d) Redemption risk

The redemption risk for the Fund is the redemption of any shares that investors wish to sell. Large redemptions of shares in the Fund might result in the Fund being forced to sell assets at a time, under circumstances and at a price where it would, instead, normally prefer not to dispose of those assets.

Notes to the Financial Statements

(e) Credit risk

The Fund is exposed to credit risk on counterparties with whom it trades and may bear the risk of settlement default. Counterparty risk is limited in that most securities are settled on delivery against payment in the recognised clearing systems and the risk of default is considered minimal as security delivery and payment are simultaneous.

At 31 December 2022 the Fund held cash deposits of £(8,923) (2021: £18,416) with State Street Trustees Limited. The credit risk to the Fund is the risk that the counterparties default on their obligation to repay the Fund. The Fund manages this credit risk by only holding deposits with approved brokers that belong to an internationally recognised financial services firm.

The Investment Adviser manages credit risk for derivative transactions by only using approved brokers that belong to an internationally recognised financial services firm or alternatively command a high market share in a given market segment.

(f) Interest rate risk

The Funds may hold cash balances which are subject to a floating rate of interest. At the year end, floating rates were tracked against the Bank of England base rate -0.5% and for any overdrafts the Bank of England base rate + 1%. The amount of the cash balances are set out in the notes to the financial statements for each Fund.

The majority of the assets of the Fund are other Collective Investments Schemes which neither pay interest nor have a maturity date however the Fund through its holding in the Master Fund may be exposed to interest rate risk.

(g) Gains and losses on financial assets

The net capital gains from trading in financial assets and financial liabilities shown in the Statement of Total Return are analysed in note 2 of the Financial Statements.

(h) Fair value of financial assets and financial liabilities

All the assets of the Fund are held at fair value as determined in accordance with the accounting policies.

16. Portfolio transaction costs

There were no transactions costs incurred during the year to 31 December 2022 (2021: £nil).

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (2021: nil).

17. Events during the year

On 23 February 2022, 1 July 2022 and 26 July 2022 a new prospectus of the Company was issued.

The Authorised Corporate Director of the Fund acknowledges the military actions engaged by Russia in Ukraine and its potential to negatively impact the markets in which the Fund's assets are invested. The ultimate impact on the Fund remains uncertain and can vary according to the countries, asset classes, industry sectors and securities they are invested in. The Authorised Corporate Director and Delegate Investment Adviser, are closely monitoring the impact on the Fund including any impact on liquidity and liquidity management, fair valuation procedures, investment compliance breaches.

There were no other significant events during the year.

18. Events after the Balance Sheet date

There have been no other significant events affecting the Fund since the year end.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (p)	2021 (p)	
Z Class – Income Shares*			
Change in net assets per share			
Opening net asset value per share	1,007.66	1,000.00	
Return before operating charges*	(117.95)	27.59	
Operating charges	(8.97)	(9.33)	
Return after operating charges*	(126.92)	18.26	
Distributions on income shares	(45.76)	(10.60)	
Closing net asset value per share	834.98	1,007.66	
* including direct transaction costs of:	–	–	
Performance			
Return after charges	(12.60%)	1.83%	
Other information			
Closing net asset value (£'000)	1,107	8,585	
Closing number of shares	132,625	851,959	
Operating charges	0.92%	0.98%	
Direct transaction costs	-%	-%	
Prices			
Highest share price	1,007.70	1,038.51	
Lowest share price	786.47	998.76	
	2022 (p)	2021 (p)	2020 (p)
Z Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,152.22	1,102.83	1,000.00
Return before operating charges*	(136.31)	60.55	109.38
Operating charges	(9.91)	(11.16)	(6.55)
Return after operating charges*	(146.22)	49.39	102.83
Distributions on accumulation shares	(44.74)	(32.94)	(71.86)
Retained distributions on accumulation shares	44.74	32.94	71.86
Closing net asset value per share	1,006.00	1,152.22	1,102.83
* including direct transaction costs of:	–	–	–
Performance			
Return after charges	(12.69%)	4.48%	10.28%
Other information			
Closing net asset value (£'000)	2,637	23,770	19,324
Closing number of shares	262,132	2,062,971	1,752,209
Operating charges	0.92%	0.98%	0.97%
Direct transaction costs	-%	-%	-%
Prices			
Highest share price	1,152.28	1,163.19	1,102.83
Lowest share price	933.75	1,103.22	1,000.00

± Share class launched on 27 January 2021.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (p)	2021 (p)	2020 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	1,002.20	987.47	1,007.37
Return before operating charges*	(118.75)	54.32	55.03
Operating charges	(10.18)	(12.06)	(11.60)
Return after operating charges*	(128.93)	42.26	43.43
Distributions on income shares	(37.10)	(27.53)	(63.33)
Closing net asset value per share	836.17	1,002.20	987.47
* including direct transaction costs of:	–	–	–
Performance			
Return after charges	(12.86%)	4.28%	4.31%
Other information			
Closing net asset value (£'000)	1,080	1,228	636
Closing number of shares	129,116	122,482	64,367
Operating charges	1.12%	1.18%	1.18%
Direct transaction costs	–%	–%	–%
Prices			
Highest share price	1,022.22	1,040.15	1,050.81
Lowest share price	810.88	991.01	776.71
	2022 (p)	2021 (p)	2020 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,233.80	1,183.31	1,134.42
Return before operating charges*	(146.15)	64.95	61.97
Operating charges	(12.56)	(14.46)	(13.08)
Return after operating charges*	(158.71)	50.49	48.89
Distributions on accumulation shares	(45.60)	(32.85)	(69.86)
Retained distributions on accumulation shares	45.60	32.85	69.86
Closing net asset value per share	1,075.09	1,233.80	1,183.31
* including direct transaction costs of:	–	–	–
Performance			
Return after charges	(12.86%)	4.27%	4.31%
Other information			
Closing net asset value (currency'000)	41,752	51,414	28,013
Closing number of shares	3,883,597	4,167,153	2,367,362
Operating charges	1.12%	1.18%	1.18%
Direct transaction costs	–%	–%	–%
Prices			
Highest share price	1,233.83	1,246.33	1,183.31
Lowest share price	998.29	1,183.66	874.62

Distribution Tables

Distribution in pence and cents per share

Group 1 First Interim Shares purchased prior to 1 January 2022

Group 2 First Interim Shares purchased on or between 1 January 2022 and 31 March 2022

Group 1 Second Interim Shares purchased prior to 1 April 2022

Group 2 Second Interim Shares purchased on or between 1 April 2022 and 30 June 2022

Group 1 Third Interim Shares purchased prior to 1 July 2022

Group 2 Third Interim Shares purchased on or between 1 July 2022 and 30 September 2022

Group 1 Final Shares purchased prior to 1 October 2022

Group 2 Final Shares purchased on or between 1 October 2022 and 31 December 2022

Z Class – Income Shares⁽¹⁾

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
First Interim	11.3400	–	11.3400	–
Second Interim	11.3900	–	11.3900	–
Third Interim	10.6800	–	10.6800	–
Final	12.3500	–	12.3500	10.6000
Group 2	(p)	(p)	(p)	(p)
First Interim	–	11.3400	11.3400	–
Second Interim	–	11.3900	11.3900	–
Third Interim	–	10.6800	10.6800	–
Final	–	12.3500	12.3500	10.6000

(1) Investors are reminded that the Z class – Income shares is a quarterly distributor. All other classes on this fund distribute annually.

Z Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	44.7400	–	44.7400	32.9400
Group 2	(p)	(p)	(p)	(p)
Final	18.2200	26.5200	44.7400	32.9400

Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	37.1000	–	37.1000	27.5300
Group 2	(p)	(p)	(p)	(p)
Final	15.6300	21.4700	37.1000	27.5300

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	45.6000	–	45.6000	32.8500
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	–
	16.7200	28.8800	45.6000	32.8500

Distribution Tables

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 Continental European Equity

Manager: Niall Gallagher & Christopher Sellers

Commentary (unaudited)

Performance

The GAM Continental European Equity fund (Inst, GBP) ended 2022 down 11.6% versus the MSCI Europe ex UK index (GBP), which ended down the year 7.6%.

Market conditions

European equity markets ended 2022 down by less than 10% as measured by the MSCI Europe ex UK net index. This might seem surprising given macro events over the course of the year but it is worth thinking back to where we were 12 months prior: at that time we (and consensus) were bullish on the prospects for European equities, the reasons for this being: relatively attractive equity valuations; rising earnings expectations combined with strong earnings growth; and, an underlying bullishness on global economies momentum following the stop/start economies of the 2020/21 pandemic years. We were expecting a continued pick-up in inflation, had a view that this would be more persistent than most economists imagined and that this would lead to rising interest rates and the end of the 'free money era'. But we also believed that the underlying economic conditions were such that higher rates and yields would be absorbed by equity markets (overall) with the downward pressure on growth/quality equity valuations more than compensated by the higher earnings growth across the market resulting from high nominal GDP growth.

The key event that disrupted this view (ours and the market's) was the Russian invasion of Ukraine, which we did not anticipate, and the impact this had on European and Asian gas prices, economic and market sentiment – European equities sold off aggressively and tilted defensively from mid-February onwards.

Despite this negative shock, underlying economic momentum did not slow as much as feared. Consumer spending held up and European earnings continued to surprise on the upside through Q1, Q2 and Q3 helped in part by a weak Euro, allowing European equities to stage a rebound and limit the overall downside. There was, however, a severe compression in valuation multiples with the market price-to-earnings ratio falling from 15x to 12x.

Outlook

Where do we stand now, facing into 2023? Our overall view remains constructive on European equities given our expectation of a more robust earnings outlook than consensus, combined with cheap valuations and some very important structural trends. Importantly, we also believe that the environment we are now in is best characterised as a change in regime, from the regime that operated from 2008-2021. Many commentators characterise 2022 as a 'growth to value' rotation or a 'deflation to inflation' event, which they expect to reverse in 2023 or 2024, but we believe this misreads the changes that have occurred; the world has moved from a deflationary to a reflationary environment with significant implications for investment markets. We also believe that the transition to net zero will have profound consequences for economies and markets.

21 February 2023

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2022 %	31 December 2021 %
France	20.97	–
Germany	12.23	–
Switzerland	9.90	–
Ireland	9.37	99.72
Sweden	8.42	–
Italy	8.11	–
Netherlands	7.53	–
Denmark	6.63	–
United Kingdom	4.79	–
Spain	3.99	–
Finland	2.46	–
Norway	1.79	–
United States	0.72	–
Net other assets	3.09	0.28
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2022 %	31 December 2021 %
Capital Goods	15.86	–
Energy	10.53	–
Banks	10.44	–
Food Beverage & Tobacco	10.08	–
Semiconductors & Semiconductor	8.06	–
Pharmaceuticals & Biotechnology	7.07	–
Consumer Durables & Apparel	5.91	–
Materials	5.24	–
Diversified Financials	3.81	–
Insurance	3.45	–
Telecommunication Services	3.09	–
Retailing	2.60	–
Household & Personal Products	2.33	–
Software & Services	1.98	–
Automobiles & Components	1.88	–
Technology Hardware & Equipment	1.26	–
Transportation	1.21	–
Health Care Equipment & Services	0.81	–
Fixed Income	0.72	–
Media & Entertainment	0.58	–
Collective Investment Schemes	–	99.72
Net other assets	3.09	0.28
Total net assets	100.00	100.00

Analysis, by investment	31 December 2022 %	31 December 2021 %
Equity	96.91	–
Collective Investment Schemes	–	99.72
Net other assets	3.09	0.28
Total net assets	100.00	100.00

On 8th February 2022 the GAM Continental European Equity Fund changed from a Feeder fund to a fund directly invested predominantly in equities.

Risk and Reward Profile (unaudited)



The risk indicator is based on the volatility of the Fund's performance over the last 5 years. Where 5 years' performance history is not available the data is supplemented by proxy fund, benchmark data or a simulated historical series as appropriate.

- The Fund is assigned to The above category based on its historical fluctuations in value.
- The indicator helps investors to have a better understanding of the potential gains and losses related with the Fund. In this context, even the lowest category does not represent a riskfree investment.
- This profile is determined using historical data, as such may not be a reliable indication for the future risk profile. It is not guaranteed and may shift over time.
- This allocation to a risk category may change over time because the future performance of the Fund may fluctuate differently from in the past.
- The Fund does not offer the investor a guaranteed return. Nor does it guarantee the fixed repayment of the money invested in the Fund by the investor.

Further risks that may have a significant effect on the net asset value of the Fund include:

- **Capital at Risk:** all financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.
- **Equity:** investments in equities (directly or indirectly via derivatives) may be subject to significant fluctuations in value.

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund.

GAM Continental European Equity

Portfolio Statement

as at 31 December 2022

Holdings	Description	Market Value £'000	% of Net Assets
	FRANCE 20.97% (December 2021: 0.00%)		
	Energy 5.20% (December 2021: 0.00%)		
2,236	TotalEnergies	116	5.20
		116	5.20
	Food Beverage & Tobacco 4.44% (December 2021: 0.00%)		
605	Pernod Ricard	99	4.44
		99	4.44
	Consumer Durables & Apparel 4.30% (December 2021: 0.00%)		
160	LVMH Moet Hennessy Louis Vuitton	96	4.30
		96	4.30
	Capital Goods 3.27% (December 2021: 0.00%)		
1,806	Cie de Saint-Gobain	73	3.27
		73	3.27
	Household & Personal Products 2.33% (December 2021: 0.00%)		
175	L'Oreal	52	2.33
		52	2.33
	Pharmaceuticals & Biotechnology 1.43% (December 2021: 0.00%)		
2,584	Euroapi	32	1.43
		32	1.43
	GERMANY 12.23% (December 2021: 0.00%)		
	Diversified Financials 3.81% (December 2021: 0.00%)		
598	Deutsche Boerse	85	3.81
		85	3.81
	Telecommunication Services 3.09% (December 2021: 0.00%)		
4,157	Deutsche Telekom	69	3.09
		69	3.09
	Semiconductors & Semiconductor 2.73% (December 2021: 0.00%)		
2,418	Infineon Technologies	61	2.73
		61	2.73
	Retailing 2.60% (December 2021: 0.00%)		
1,973	Zalando	58	2.60
		58	2.60
	SWITZERLAND 9.90% (December 2021: 0.00%)		
	Food Beverage & Tobacco 5.64% (December 2021: 0.00%)		
1,301	Nestle	126	5.64
		126	5.64

Portfolio Statement

as at 31 December 2022

Holdings	Description	Market Value £'000	% of Net Assets
	Insurance 3.45% (December 2021: 0.00%)		
194	Zurich Insurance	77	3.45
		77	3.45
	Health Care Equipment & Services 0.81% (December 2021: 0.00%)		
191	Straumann	18	0.81
		18	0.81
	IRELAND 9.37% (December 2021: 99.72%)		
	Capital Goods 4.26% (December 2021: 0.00%)		
1,591	Kingspan	71	3.18
3,087	Grafton	24	1.08
		95	4.26
	Materials 3.90% (December 2021: 0.00%)		
319	Linde	87	3.90
		87	3.90
	Transportation 1.21% (December 2021: 0.00%)		
427	Ryanair ADR	27	1.21
		27	1.21
	SWEDEN 8.42% (December 2021: 0.00%)		
	Capital Goods 5.82% (December 2021: 0.00%)		
5,556	Atlas Copco	55	2.46
3,478	Volvo	52	2.33
1,540	Epiroc	23	1.03
		130	5.82
	Materials 1.34% (December 2021: 0.00%)		
959	Boliden	30	1.34
		30	1.34
	Technology Hardware & Equipment 1.26% (December 2021: 0.00%)		
3,169	Hexagon	28	1.26
		28	1.26
	ITALY 8.11% (December 2021: 0.00%)		
	Banks 3.99% (December 2021: 0.00%)		
6,468	FinecoBank Banca Fineco	89	3.99
		89	3.99
	Capital Goods 2.51% (December 2021: 0.00%)		
1,836	Prysmian	56	2.51
		56	2.51

GAM Continental European Equity

Portfolio Statement

as at 31 December 2022

Holdings	Description	Market Value £'000	% of Net Assets
	Consumer Durables & Apparel 1.61% (December 2021: 0.00%)		
811	Moncler	36	1.61
		36	1.61
	NETHERLANDS 7.53% (December 2021: 0.00%)		
	Semiconductors & Semiconductor 5.33% (December 2021: 0.00%)		
319	ASM International	67	3.00
1,040	BE Semiconductor Industries	52	2.33
		119	5.33
	Automobiles & Components 1.88% (December 2021: 0.00%)		
3,594	Stellantis	42	1.88
		42	1.88
	Software & Services 0.32% (December 2021: 0.00%)		
6	Adyen	7	0.32
		7	0.32
	DENMARK 6.63% (December 2021: 0.00%)		
	Pharmaceuticals & Biotechnology 4.97% (December 2021: 0.00%)		
989	Novo Nordisk	111	4.97
		111	4.97
	Software & Services 1.66% (December 2021: 0.00%)		
1,068	Netcompany	37	1.66
		37	1.66
	UNITED KINGDOM 4.79% (December 2021: 0.00%)		
	Energy 3.54% (December 2021: 0.00%)		
3,355	Shell	79	3.54
		79	3.54
	Pharmaceuticals & Biotechnology 0.67% (December 2021: 0.00%)		
6,306	Oxford Nanopore Technologies	15	0.67
		15	0.67
	Media & Entertainment 0.58% (December 2021: 0.00%)		
13,177	Trustpilot	13	0.58
		13	0.58
	SPAIN 3.99% (December 2021: 0.00%)		
	Banks 3.99% (December 2021: 0.00%)		
27,187	CaixaBank	89	3.99
		89	3.99

Portfolio Statement

as at 31 December 2022

Holdings	Description	Market Value £'000	% of Net Assets
	FINLAND 2.46% (December 2021: 0.00%)		
	Banks 2.46% (December 2021: 0.00%)		
6,207	Nordea Bank	55	2.46
		55	2.46
	NORWAY 1.79% (December 2021: 0.00%)		
	Energy 1.79% (December 2021: 0.00%)		
1,332	Equinor	40	1.79
		40	1.79
	UNITED STATES 0.72% (December 2021: 0.00%)		
	Fixed Income 0.72% (December 2021: 0.00%)		
20,000	US Treasury 0% 05/10/2023	16	0.72
		16	0.72
	Total Investments	2,163	96.91
	Net other liabilities	69	3.09
	Total net assets	2,232	100.00

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.

GAM Continental European Equity

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2022

Total Purchases	Cost £'000	Total Sales	Proceeds £'000
US Treasury 0% 13/10/2022	1,220	GAM Star Continental European Equity Fund GBP Z Acc	5,239
Nestle	1,119	US Treasury 0% 13/10/2022	1,232
LVMH Moet Hennessy Louis Vuitton	1,042	Novo Nordisk	1,085
Novo Nordisk	1,007	Nestle	1,034
TotalEnergies	949	Equinor	1,004
Zalando	919	TotalEnergies	883
Equinor	870	LVMH Moet Hennessy Louis Vuitton	831
Deutsche Boerse	816	Linde	795
Linde	784	Deutsche Boerse	770
Infineon Technologies	767	Zurich Insurance	707
Zurich Insurance	752	ASM International	632
CaixaBank	735	CaixaBank	613
Adyen	721	Infineon Technologies	602
ASM International	713	Adyen	572
FinecoBank Banca Fineco	636	Zalando	488
ING	625	BNP Paribas	461
Grafton	590	ING	456
BNP Paribas	586	FinecoBank Banca Fineco	451
Kingspan	564	Grafton	428
Pernod Ricard	509	Pernod Ricard	404
Total purchases for the year	24,060	Total sales for the year	25,085

Statement of Total Return

for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Income			
Net capital (losses)/gains	2	(2,437)	1,925
Revenue	3	307	109
Expenses	4	(54)	(83)
Interest payable and similar charges		(4)	–
Net revenue before taxation		249	26
Taxation	5	(41)	–
Net revenue after taxation		208	26
Total return before distribution		(2,229)	1,951
Distribution	6	(209)	(26)
Change in net assets attributable to shareholders from investment activities		(2,438)	1,925

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2022

	2022 £'000	2021 £'000
Opening net assets attributable to shareholders	5,651	23,280
Amounts receivable on creation of shares	20,621	2,985
Less: Amounts payable on cancellation of shares	(21,661)	(22,552)
	(1,040)	(19,567)
Dilution levy	19	–
Change in net assets attributable to shareholders from investment activities	(2,438)	1,925
Retained distribution on accumulation shares	40	13
Closing net assets attributable to shareholders	2,232	5,651

GAM Continental European Equity

Balance Sheet

as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Assets:			
Fixed Assets:			
Investments		2,163	5,635
Current assets:			
Debtors	7	56	20
Cash and bank balances	8	19	12
Total assets		2,238	5,667
Liabilities:			
Creditors:			
Other creditors	9	(6)	(16)
Total other liabilities		(6)	(16)
Net Assets Attributable to Shareholders		2,232	5,651

Notes to the Financial Statements

1. Investments at Fair Value

Fair Value Hierarchy

SORP requires disclosures of financial instruments measured at fair value to be based on three classifications of hierarchy that reflects the significance of the inputs in such fair value measurements.

The hierarchy gives the highest priority to quoted prices for identical instruments in active markets and lowest priority to valuation techniques using non-observable data. The three classifications of the fair value hierarchy are as follows:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Fund uses the "market approach" valuation technique to value its investments. Inputs are determined by observable data. A financial instrument's classification within the fair value hierarchy is based on the lowest classification of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" may require significant judgment but can generally be considered as that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the risk of that instrument.

The following table analyses within the fair value hierarchy of the financial assets and liabilities measured at fair value at 31 December 2022 and 31 December 2021:

Valuation technique	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	2,163	–	–	–
Level 2	–	–	5,635	–
Level 3	–	–	–	–
Total investments at fair value	2,163	–	5,635	–

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	2022 £'000	2021 £'000
Non-derivative securities	(2,425)	1,930
Handling charges	(12)	(3)
Breach Compensation	–	(2)
Net capital (losses)/gains	(2,437)	1,925

3. Revenue

	2022 £'000	2021 £'000
Overseas dividends	306	–
Offshore distribution non-taxable from Collective Investment Schemes	–	109
Interest on debt securities	1	–
Total revenue	307	109

Notes to the Financial Statements

4. Expenses

	2022 £'000	2021 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	54	77
Capped OCF rebate	(19)	(5)
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	1	2
Safekeeping charge	1	–
Other expenses:		
Audit fees	17	9
Total expenses	54	83

5. Taxation

	2022 £'000	2021 £'000
a) Analysis of tax charge in the year:		
Corporation tax	–	–
Overseas tax	41	–
Total current tax (note 5b)	41	–
Total deferred tax (note 5c)	–	–
Total taxation	41	–

b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2021: 20%). The differences are explained below:

Net revenue before taxation	249	26
Corporation tax of 20% (2021: 20%)	50	5
Effects of:		
Overseas non-taxable revenue	(61)	(22)
Movement in excess management expenses	11	17
Overseas tax	41	–
Current tax charge for year (note 5a)	41	–

c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £121,038 (2021: £109,821) relating to surplus management expenses. It was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

Notes to the Financial Statements

6. Distribution

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	2022 £'000	2021 £'000
Final	40	13
Add: Revenue deducted on cancellation of shares	195	24
Deduct: Revenue received on creation of shares	(26)	(11)
Net distribution for the year	209	26

7. Debtors

	2022 £'000	2021 £'000
Sales awaiting settlement	3	–
Amounts receivable for issue of shares	–	15
Overseas tax recoverable	31	–
Reimbursement for capped expenses	22	5
Total debtors	56	20

8. Cash and bank balances

	2022 £'000	2021 £'000
Cash and bank balances	19	12
Total cash and bank balances	19	12

9. Creditors

	2022 £'000	2021 £'000
Purchases awaiting settlement	–	10
Amounts payable for cancellation of shares	2	1
Accrued expenses	4	5
Total creditors	6	16

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2022 Opening shares in issue	Issued	Shares converted	Redeemed	2022 Closing shares in issue
Institutional Class – Accumulation Shares	378,612	1,530,062	–	(1,738,474)	170,200

Notes to the Financial Statements

11. Related party transactions

All material related party transactions, as set out in Financial Reporting Standard 8 "Related Party Disclosures", have been disclosed in the notes to the financial statements.

GAM Sterling Management Limited as ACD, is a related party, and acts as principal in respect of transactions of shares in the Company. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

At the year end accrued expenses included amounts owing to the ACD of £1,302 (2021: £3,427). The charge for the year is disclosed in Note 4.

As at 31 December 2022, two shareholders (2021: three) held over 20% of value of the Fund.

All other material related party transactions have been disclosed in the notes to the financial statements.

12. Share classes

The Fund has one share class.

The ACD's periodic charge on each share class is as follows:

	%
Institutional Class – Accumulation Shares:	0.70

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on page 81.

The distribution per share class is given in the Distribution Table on page 82.

13. Capital commitments and contingent liabilities

On 31 December 2022, the Fund had no capital commitments (2021: £nil) and no contingent liabilities (2021: £nil).

14. Derivatives and other financial instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity, redemption, credit and interest rate risk.

(a) Market price risk

Market price risk arises from uncertainty about future prices of financial instruments held. It represents the potential loss the Funds might suffer through holding market positions in the face of price movements. The Investment Adviser takes into consideration the asset allocation of the portfolio when assessing the risk profile associated with particular countries or industry sectors whilst continuing to follow the investment objectives of the Funds' and by regularly reviewing and evaluating the Funds potential exposure to market risk using the commitment method.

With all other variables staying the same, if market prices increase or decrease by 10%, then the impact on the portfolio will be an increase or decrease of 10% (£216,285) (2021: £563,472).

(b) Foreign currency risk

A portion of the financial assets of the Fund may be denominated in currencies other than the base currency of the Fund with the effect that the balance sheet and total return can be significantly affected by currency movements. The Fund may enter into forward foreign currency exchange contracts in order to hedge against currency movements. However, it is not always possible to precisely match the forward foreign exchange amount and the value of such securities may vary as a consequence of market movements over the life of the forward exchange contract.

As at 31 December the Fund had no net currency exposure.

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. However, the assets of the Fund comprise mainly realisable securities, which can be readily sold.

As at 31 December 2022	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	2	–
Accrued expenses	4	–
Net assets attributable to shareholders	2,232	–
	2,238	–
As at 31 December 2021	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	1	–
Purchases awaiting settlement	10	–
Accrued expenses	5	–
Net assets attributable to shareholders	5,651	–
	5,667	–

Notes to the Financial Statements

(d) Redemption risk

The redemption risk for the Fund is the redemption of any shares that investors wish to sell. Large redemptions of shares in the Fund might result in the Fund being forced to sell assets at a time, under circumstances and at a price where it would, instead, normally prefer not to dispose of those assets. The Fund has a redemption risk due to a significant number of shares held by a small concentration of shareholders.

(e) Credit risk

The Fund is exposed to credit risk on counterparties with whom it trades and may bear the risk of settlement default. Counterparty risk is limited in that most securities are settled on delivery against payment in the recognised clearing systems and the risk of default is considered minimal as security delivery and payment are simultaneous.

At 31 December 2022 the Fund held cash deposits of £19,056 (2021: £11,640) with State Street Trustees Limited. The credit risk to the Fund is the risk that the counterparties default on their obligation to repay the Fund. The Fund manages this credit risk by only holding deposits with approved brokers that belong to an internationally recognised financial services firm.

The Investment Adviser manages credit risk for derivative transactions by only using approved brokers that belong to an internationally recognised financial services firm or alternatively command a high market share in a given market segment.

(f) Interest rate risk

The Funds may hold cash balances which are subject to a floating rate of interest. At the year end, floating rates were tracked against the Bank of England base rate -0.5% and for any overdrafts the Bank of England base rate +1%. The amount of the cash balances are set out in the notes to the financial statements for each Fund.

The majority of the assets of the Funds are equity shares and other investments which neither pay interest nor have a maturity date.

(g) Gains and losses on financial assets

The net capital gains from trading in financial assets and financial liabilities shown in the Statement of Total Return are analysed in note 2 of the Financial Statements.

(h) Fair value of financial assets and financial liabilities

All the assets of the Fund are held at fair value as determined in accordance with the accounting policies.

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Equities	22,353	–	18,247	–
Bonds	1,611	–	1,604	–
Collective Investment Schemes	65	3,100	5,239	22,692
Trades in the year before transaction costs	24,029	3,100	25,090	22,692
Commissions				
Equities	5	–	(5)	–
Taxes				
Equities	26	–	–	–
Total costs	31	–	(5)	–
Total net trades in the year after transaction costs	24,060	3,100	25,085	22,692

Notes to the Financial Statements

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	2022 %	2021 %	2022 %	2021 %
Commissions				
Equities	0.02	–	(0.03)	–
Taxes				
Equities	0.12	–	–	–

Total transaction cost expressed as a percentage of average net asset value.

	2022 %	2021 %
Commissions	0.13	–
Taxes	0.34	–
Total costs	0.47	–

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.05% (2021: nil).

16. Events during the year

With effect from 8 February 2022, GAM Continental Europe will be a standalone fund and no longer invest into the master fund, GAM Star Continental European Equity.

The new investment strategy has changed as follow: The Fund invests at least two thirds of its assets in shares and equity related securities (such as warrants) of companies listed on or dealt in Eligible Markets within the European Union which are issued by companies which are headquartered in the European Union. Such investments may be made directly or indirectly through collective investment schemes and derivatives.

On 23 February 2022, 1 July 2022 and 26 July 2022 a new prospectus of the Company was issued.

The Authorised Corporate Director of the Fund acknowledges the military actions engaged by Russia in Ukraine and its potential to negatively impact the markets in which the Fund's assets are invested. The ultimate impact on the Fund remains uncertain and can vary according to the countries, asset classes, industry sectors and securities they are invested in. The Authorised Corporate Director and Investment Adviser are closely monitoring the impact on the Fund including any impact on liquidity and liquidity management, fair valuation procedures, investment compliance breaches.

17. Events after the Balance Sheet date

The final valuation of GAM Continental European Equity was completed on 31 January 2023 and the Fund has commenced the liquidation process. Termination is planned to be finalised by end of April.

There have been no other significant events affecting the Fund since the year end.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (p)	2021 (p)	2020 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,492.58	1,248.41	1,035.16
Return before operating charges*	(170.64)	254.96	222.47
Operating charges	(10.57)	(10.79)	(9.22)
Return after operating charges*	(181.21)	244.17	213.25
Distributions on accumulation shares	(23.23)	(3.45)	(3.78)
Retained distributions on accumulation shares	23.23	3.45	3.78
Closing net asset value per share	1,311.37**	1,492.58	1,248.41
* including direct transaction costs of:	6.03	–	–
Performance			
Return after charges	(12.14%)	19.56%	20.60%
Other information			
Closing net asset value (£'000)	2,232	5,651	23,280
Closing number of shares	170,200	378,612	1,864,727
Operating charges	0.82%	0.81%	0.87%
Direct transaction costs	0.47%	-%	-%
Prices			
Highest share price	1,499.43	1,544.67	1,276.20
Lowest share price	1,142.75	1,223.18	784.26

** The NAV per share of disclosed in the financial statements differs from the trading NAV per share per 30 December 2022. This is due to the fact that the trading NAV is calculated in accordance with the prospectus using last trade prices as at 12 (UK time), while the NAV in the Financial statements has been calculated using world close of business last trade prices, on Friday 30 December 2022, in accordance with the reporting obligations.

Distribution Tables

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2022

Group 2 Final Shares purchased on or between 1 January 2022 and 31 December 2022

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	23.2313	–	23.2313	3.4518
Group 2	(p)	(p)	(p)	(p)
Final	5.8068	17.4245	23.2313	3.4518

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.

Commentary (unaudited)

Market environment and Performance

- 2022 dividend increased by 20% year-on-year.
- Fund returned 2.3% compared to 0.3% for the FTSE All-Share Index on a total return basis.
- New holdings position the fund well for 2023.

The main highlight of 2022 is the delivery of a total dividend of 44.89p (Z semi-annual INC share class), which is some 20% above the dividend delivered in 2021. This is in the context of inflation peaking at 10% within the period.

Over the year, the fund returned 2.3%, which compares to the FTSE All-Share Index return of 0.3%. Performance was driven by stock selection with key performers being Devro, Standard Chartered, Shoe Zone, BP, Hostelworld and Euromoney. Among these, Devro and Euromoney were acquired.

In the summer, a consortium of private equity groups approached Euromoney, the FTSE 250 financial publisher and information services company, with a GBP 1.6 billion offer. It represented a 60% premium to our book cost in the fund. It was an offer we supported, valuing the company on a high multiple of 21.5 times trailing EBITDA.

Devro, the sausage casings company, agreed a cash offer from private company Saria in November. The offer of 316p per share represents a 74% premium on the fund's book cost and values the company at attractive multiples of 17 times PE and 10.9 times EV/EBITDA. As shareholders, we also receive the 2.9p of dividends that are paid out in mid-January.

Two of the biggest disappointments within the fund were BT and National Express. Both were included in the fund for very specific reasons, but both failed to deliver those characteristics. BT was to be a stable cash generator in a deteriorating economic backdrop. The inflation linked pricing of its services such as Openreach and EE was an attraction, as was a pension fund that could benefit from rising interest rates. Instead, BT was engulfed in employee strike action and the pension fund was reported in the Financial Times to be on the verge of requiring more cash after the mini budget LDI (Liability Driven Investment) issue. BT was down 34% in 2022. National Express was included into the portfolio to give the fund exposure to a recovering cash flow post the Covid-19 pandemic. A return to more normal customer movements was to lead to a reinstatement of dividends. Although a return to travel did follow, it was a driver shortage in their US school bus business that led to disappointment and the finance director subsequently left the company. National Express was down 49% in 2022.

As 2022 closed out, we made some final changes to the portfolio to ensure it is well placed for 2023. We added two bonds and increased the listed property exposure noting the significant declines in values in both areas. While reviewing the listed equities of Virgin Money and One Savings Bank (OSB), we noted that the Additional Tier 1 (AT1) bonds offered attractive income and also capital if the bonds were called. For the Virgin Money 8.25% Perp (BB rated by Fitch), the first call date is June 2027, giving a yield to call of 12.5% at our purchase of 85p. The OSB 6% perp (B+ rated by Fitch) has a first call date of October 2026 giving a yield to call of 16% at our purchase price of 72p. Both bonds were issued at 100p. Within our real estate holdings, we increased the exposure to Empiric Student Property (ESP) and bought a new holding in LondonMetric Property (LMP) having met the management. LMP has a dividend yield over 5%, which is covered by rents. The loan to value is 32% and we believe the NAV of the property portfolio will level out at around 200p. The shares were bought at 173p having traded at 287p in January 2022.

Outlook

Looking into 2023, the UK economy is predicted to be in recession. Inflation is set to start to decline assisted by the recent fall in oil and gas (and by extension electricity) prices. Shipping costs have collapsed to just one-fifth of their level a year ago. Accordingly, we continue to believe the headline rate of CPI will fall swiftly.

The current recession has been so well flagged that those reliable businesses capable of navigating through difficult periods have already performed strongly. Imperial Brands, AstraZeneca, Centrica and BAE Systems all returned over 30% in 2022. We are now looking at what we should own as we emerge from a recession; Stocks that will perform when inflation falls, and the Bank of England slows the pace of interest rate hikes. We will stick to strong franchises that are cash generative but are more interest rate sensitive like property, asset managers and construction. We have used proceeds from exiting Shell to fund these positions. More detail on Shell is provided in the Buys and Sells section.

This does not change our earlier view that consumer spending on goods would be subdued (see Curry's profit warning in December) while consumer spending on 'experience' would be better. Our exposure to this is through investments in SSP, Johnson Service Group and C&C Group. We have held off investments in hotels and pubs due to high costs of labour and energy.

More generally, the mid and small cap parts of the UK market have suffered in 2022 under this recessionary outlook but we expect this area to be a source of outperformance against the wider market in 2023. Things just need to be a little less bad in 2023 and significant returns could be possible.

Environmental, Social and Governance (ESG), Stewardship & Engagement

ESG approach

An active consideration of ESG factors has been part of the process for the GAM UK Equity Income fund since it was launched in October 2017. We believe a company's commitment to environmental and social responsibility will impact its future cashflows. We recognise that companies need to have a coherent approach to sustainability to remain relevant to all stakeholders and that failure to do so will be negative for the business.

We use ESG data and analysis to measure and encourage progress from companies we invest in. We believe shareholders can have more influence on a company's direction as owners of the shares and engaging with management on these issues. Meeting with management teams is integral to our investment process and we believe the trajectory of change in managing ESG issues is especially important.

We invest in companies where a commitment to sustainability forms part of the culture. A coherent, well-articulated and progressive approach to ESG can drive valuations higher over our investment time horizon.

Stewardship & Engagement

It has been an encouraging year in terms of stewardship and engagement. The majority of our companies are now being covered by MSCI, which given our ability to invest across the market cap spectrum, had been an issue in the small caps. Now 90% of the portfolio has an ESG rating, compared to 96% for the FTSE All-Share Index. This gives more weight to fund's AAA rating.

Having spent time engaging with the management teams of those companies with poorer than expected ratings, it is pleasing to see that the following companies were upgraded during the course of the year: OSB Group, SSP, Virgin Money, Diversified Energy, Rathbones, Premier Miton, Liontrust, Bakkavor and Strix.

Taking Diversified Energy as an example, we have encouraged the management team to educate the market about its ESG credentials. The steady rating upgrades since 2019 suggests progress is being made. The company owns and operates natural gas and oil wells in multiple regions in the US. Steps have been taken to reduce actual emissions and to achieve net zero Scope 1 and Scope 2 emissions by 2040. Its practices lead those of global peers. It does this by acting responsibly when it comes to new acquisitions and decommissioning old wells.

Dividend

The fund paid a dividend of 21.36p (for the Z semi-annual INC share class) in the second half of 2022, taking the total for the full year to 44.89p. This is 20% above the dividend delivered in 2021. This is in the context of inflation peaking at 10% within the period. It corresponds to a trailing 12-month dividend yield of 4.4%.

Dividend growth came from a range of sectors (oil, financials, tobacco) and specific cases like BT Group that returned to making full dividend payments in 2022. Looking into 2023, we expect the dividend to grow again but at a more serene pace. We have some holdings that will return to paying dividends in 2023 (SSP and National Express) but the majority of holdings will continue to pay progress dividends. More detail to follow as we progress through H1 2023 but the common trait across the holdings is sustainable dividend growth supported by cash flows and strong balance sheets.

When we get corporate activity in the fund such as the 316p offer for Devro, this is most welcome at a 74% premium to the fund's book cost. However, we do lose a 2% position in the fund that was a 5% dividend payer. At the moment, this presents no concern as the new ideas are good dividend payers in their own right. LondonMetric Properties (172p) has a yield above 5% as does DWF (80p). The additions of Ashmore (239p) and Energean (1300p) have dividends in excess of 7% at the current prices.

Buys and Sells

GSK (purchased)

We significantly increased the weight in November, making it a top 10 holding. GSK trades on a PE below 10 times and a dividend yield of 4% for 2023. This unflattering valuation is not uncommon in the UK but is relatively rare for a global pharmaceutical company. Roche and AstraZeneca, for example, trade on PE multiples of 15 times and 18 times respectively. The reason for this valuation anomaly is because GSK has been in court defending its blockbuster heartburn drug Zantac from claims that an ingredient may cause cancer. The company has also failed to deliver anywhere near as many new drugs from its R&D process as hoped. The phase II cancer drug failure being the most recent case.

The free cash flow yield for GSK is 11%, which means after the 4% dividend there is ample spending power to invest in new chemical entities and make acquisitions to enhance the drug pipeline. The balance sheet is strong with leverage at 1 times for 2023.

We spoke to litigation and pharmaceutical experts and made our decision on the possible fines for Zantac in the US. We felt the market was too pessimistic on this point.

Of the 27 analysts who cover GSK, only 10 have it on a buy rating despite it having 23% upside to their average price target. AstraZeneca, in contrast, has 35 analysts covering it and 27 rate it as a buy despite having only 14% upside. This is what can be achieved if you deliver on the pipeline.

The results for GSK, published on 2 November 2022, were encouraging.

Hikma (purchased)

In July we added Hikma as a new holding. The company has three divisions, namely branded, injectables and generics. It is the generics business that has caused recent downgrades due to weakening pricing and lower margins. The other two divisions have been performing well. There has also been management change.

When we started the holding, Hikma's share price was 50% lower than the previous year. That left the valuation on 8 times PE for 2023. More importantly for us, the free cash flow yield is close to 10% and leverage is low.

Hikma left the FTSE 100 Index at the end of August due to its share price underperformance. This meant index funds were forced to sell, which provided an opportunity to complete the purchase.

RWS (purchased)

We started an initial position in March after the share price had fallen 50%. The company offers translation and search services for a broad range of businesses. The Language Services division is the global leader in helping clients create, translate and deliver content across hundreds of languages.

At the end of last year, RWS's valuation started to de-rate despite no fundamental changes to the equity story. This enabled us to purchase the shares on a free cash flow yield of 9%, which was underpinned by a net cash position on the balance sheet. RWS is a defensive, highly cash generative compounder with a robust margin profile exposed to attractive growth markets. Given these dynamics, we have not been surprised by the bid rumours.

We believe the plan outlined at the Capital Markets Day to accelerate organic growth is sensible yet the valuation trades at a significant discount to its historical average.

Further opportunities (purchased)

Our free cash flow screening process, fundamental analysis and valuation work is highlighting opportunities among the house builders and related products, asset managers and real estate companies. We use cash generation, strong balance sheets and lasting franchises as our guides to the best investments. We have started initial positions in some of these areas and will look to add to these in 2023 if conditions are appropriate.

Shell (sold)

We first invested in Shell in 2020, around the time when the share price dropped below GBP 10 per share. Market concerns stemmed from the fall in the oil price on lower demand brought about by the economic impact of Covid-19, ESG pressures and the belief that vehicle electrification would herald peak oil consumption.

We were encouraged by Shell's plans to reduce gearing, costs and capex, as this ultimately supported free cash flow and the rebased dividend. There were also reasons to believe peak oil demand was lengthening, driven by economic growth in China and the US.

Fast forward to September 2022 when we exited the last of our position above GBP 23 per share. There was nothing wrong with Shell, but we felt the valuation was up with events. The oil price was above USD 100 per barrel and Shell's dividend yield had contracted to 3.3%. Of the 30 analysts that cover Shell, 27 were buyers and three were sellers.

SSE (sold)

During March we sold our entire position. SSE is a good company that is investing heavily in green energy solutions, most notably wind. Although it no longer generates electricity from coal, it still generates electricity from gas. At the start of the year, the company upgraded profit guidance due to the jump in the gas price. SSE is not naturally hedged, having sold its customer base.

With this in mind we felt SSE had essentially become an oil and gas company rather than a more predictable utility companies like National Grid. With oil and gas prices spiking due to the war in Ukraine, we felt the valuation was being boosted by a temporary jump in profitability.

Vodafone (sold)

In June, at 126p per share, we became increasingly worried about the number of analysts downgrading their numbers and rating on Vodafone. Furthermore, corporate activity in telecoms towers highlighted the value within the company so we used this as an opportunity to reduce our position.

The free cash flow argument was being eroded by inflation in energy and labour and additional macro issues in Turkey and Egypt. We sold the last of the position in July at 129p, as the free cash flow yield failed to cover the dividend yield of 6%.

Beazley (sold)

Having doubled our money, and with a dividend yield of only 2.2%, we sold the position in October as the share price reached 600p per share.

Beazley's two-year turnaround since the share price low in 2020 has been impressive. We saw the equity raise in 2020 to deal with Covid-19 losses as an opportunity to start a position. We felt the pricing environment would improve, especially in specialty segments such as cyber where Beazley is the market leader.

With the share price having done so well we decided to recycle the proceeds into more attractive risk/reward opportunities.

21 February 2023

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2022 %	31 December 2021 %
United Kingdom	93.35	94.97
United States	2.78	2.50
Ireland	2.23	1.63
Net other assets	1.64	0.90
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2022 %	31 December 2021 %
Banks	17.53	14.44
Pharmaceuticals & Biotechnology	8.56	4.25
Food Beverage & Tobacco	8.40	13.34
Energy	7.63	11.77
Diversified Financials	6.62	7.44
Insurance	6.56	8.35
Commercial & Professional Services	5.80	4.54
Capital Goods	4.78	2.94
Materials	3.59	1.64
Real Estate	3.45	2.82
Telecommunication Services	3.19	5.14
Transportation	3.15	5.01
Fixed Income	2.86	–
Media & Entertainment	2.65	2.74
Retailing	2.48	2.34
Health Care Equipment & Services	2.44	1.28
Household & Personal Products	2.19	2.98
Food & Staples Retailing	2.04	0.89
Technology Hardware & Equipment	1.96	0.40
Consumer Services	1.36	0.96
Consumer Durables & Apparel	1.12	1.71
Utilities	–	4.12
Net other assets	1.64	0.90
Total net assets	100.00	100.00

Analysis, by investment	31 December 2022 %	31 December 2020 %
Equity Quoted	98.36	99.10
Net other assets	1.64	0.90
Total net assets	100.00	100.00

Risk and Reward Profile (unaudited)



The risk indicator is based on the volatility of the Fund's performance over the last 5 years. Where 5 years' performance history is not available the data is supplemented by proxy fund, benchmark data or a simulated historical series as appropriate.

- The Fund is assigned to the above category based on its historical fluctuations in value.
- The indicator helps investors to have a better understanding of the potential gains and losses related with the Fund. In this context, even the lowest category does not represent a riskfree investment.
- This profile is determined using historical data, as such may not be a reliable indication for the future risk profile. It is not guaranteed and may shift over time
- This allocation to a risk category may change over time because the future performance of the Fund may fluctuate differently from in the past.
- The Fund does not offer the investor a guaranteed return. Nor does it guarantee the fixed repayment of the money invested in the Fund by the investor.

Further risks that may have a significant effect on the net asset value of the Fund include:

- **Capital at Risk:** all financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.
- **Investment Positions:** positions may increase in size relative to the size of the Fund. The risk is monitored by regularly adapting positions.
- **Equity:** investments in equities (directly or indirectly via derivatives) may be subject to significant fluctuations in value.
- The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund.

Portfolio Statement

as at 31 December 2022

Holdings	Description	Market Value £'000	% of Net Assets
United Kingdom			
Banks 17.53% (December 2021: 14.44%)			
3,339,400	HSBC	17,275	4.56
30,774,301	Lloyds Banking	14,075	3.72
8,843,300	Barclays	14,066	3.71
1,612,729	Standard Chartered	10,080	2.66
564,006	Close Brothers	5,894	1.56
1,033,450	OSB	4,998	1.32
		66,388	17.53
Pharmaceuticals & Biotechnology 8.56% (December 2021: 4.25%)			
1,279,597	GSK	18,429	4.87
892,579	Hikma Pharmaceuticals	13,969	3.69
		32,398	8.56
Food Beverage & Tobacco 6.81% (December 2021: 11.71%)			
556,588	Imperial Brands	11,527	3.04
333,090	British American Tobacco	10,962	2.89
3,421,605	Bakkavor	3,337	0.88
		25,826	6.81
Diversified Financials 6.62% (December 2021: 7.44%)			
479,571	Rathbones	9,855	2.60
692,964	Liontrust Asset Management	7,733	2.04
4,644,629	Premier Miton	4,758	1.26
1,135,542	Ashmore	2,734	0.72
		25,080	6.62
Insurance 6.56% (December 2021: 8.35%)			
5,819,200	Direct Line Insurance	12,890	3.40
3,510,238	Legal & General	8,788	2.32
1,111,009	Chesnara	3,161	0.84
		24,839	6.56
Commercial & Professional Services 5.80% (December 2021: 0.00%)			
2,147,064	RWS	8,082	2.13
5,634,201	Johnson Service	5,476	1.45
3,955,754	DWF	3,165	0.84
3,512,500	RBG	2,283	0.60
1,241,074	Gateley	2,172	0.57
1,182,690	AssetCo	807	0.21
		21,985	5.80
Energy 4.85% (December 2021: 4.54%)			
3,444,780	BP	16,414	4.33
150,306	Energian	1,951	0.52
		18,365	4.85

Portfolio Statement

as at 31 December 2022

Holdings	Description	Market Value £'000	% of Net Assets
Capital Goods 4.14% (December 2021: 2.94%)			
17,142,808	Speedy Hire	6,780	1.79
1,854,557	Balfour Beatty	6,261	1.65
849,995	Morgan Advanced Materials	2,656	0.70
		15,697	4.14
Materials 3.59% (December 2021: 1.64%)			
5,183,349	Elementis	6,241	1.65
2,693,156	Ibstock	4,147	1.10
1,150,989	Marshalls	3,179	0.84
		13,567	3.59
Real Estate 3.45% (December 2021: 2.82%)			
7,288,600	Empiric Student Property**	6,203	1.64
2,398,972	LondonMetric Property**	4,162	1.10
9,000,000	Grit Real Estate Income	2,700	0.71
		13,065	3.45
Telecommunication Services 3.19% (December 2021: 5.14%)			
10,639,727	BT	12,061	3.19
		12,061	3.19
Transportation 3.15% (December 2021: 5.01%)			
7,305,760	National Express	9,474	2.50
730,327	Wincanton	2,472	0.65
		11,946	3.15
Fixed Income 2.86% (December 2021: 0.00%)			
9,037,000	Virgin Money 8.25% Perpetual	8,159	2.16
3,500,000	OSB 6% Perpetual	2,654	0.70
		10,813	2.86
Media & Entertainment 2.65% (December 2021: 2.74%)			
1,007,400	Informa	6,274	1.66
4,987,000	ITV	3,757	0.99
		10,031	2.65
Retailing 2.48% (December 2021: 2.34%)			
4,364,481	Hostelworld	5,006	1.32
1,993,466	Shoe Zone	4,387	1.16
		9,393	2.48
Health Care Equipment & Services 2.44% (December 2021: 1.28%)			
598,951	Smith & Nephew	6,636	1.75
1,803,583	Medica	2,597	0.69
		9,233	2.44

**Real Estate Investment Trust (REIT).

Portfolio Statement

as at 31 December 2022

Holdings	Description	Market Value £'000	% of Net Assets
	Household & Personal Products 2.19% (December 2021: 2.98%)		
4,600,000	Warpaint London	8,280	2.19
		8,280	2.19
	Food & Staples Retailing 2.04% (December 2021: 0.89%)		
3,431,500	Tesco	7,717	2.04
		7,717	2.04
	Technology Hardware & Equipment 1.96% (December 2021: 0.40%)		
8,956,195	Strix	7,434	1.96
		7,434	1.96
	Consumer Services 1.36% (December 2021: 0.96%)		
2,250,788	SSP	5,159	1.36
		5,159	1.36
	Consumer Durables & Apparel 1.12% (December 2021: 1.71%)		
611,100	Barratt Developments	2,440	0.65
764,026	Henry Boot	1,795	0.47
6,638,367	Joules*	–	–
		4,235	1.12
	Utilities 0.00% (December 2021: 4.12%)		
	United States		
	Energy 2.78% (December 2021: 2.50%)		
9,047,874	Diversified Energy	10,506	2.78
		10,506	2.78
	Ireland		
	Food Beverage & Tobacco 1.59% (December 2021: 1.63%)		
3,391,497	C&C	6,000	1.59
		6,000	1.59
	Capital Goods 0.64% (December 2021: 0.00%)		
307,904	Grafton	2,432	0.64
		2,432	0.64
	Total Investments	372,450	98.36
	Net other assets	6,207	1.64
	Total net assets	378,657	100.00

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

* Suspended securities.

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2022

Major Purchases	Cost £'000	Major Sales	Proceeds £'000
Barclays	14,426	Shell	12,586
Hikma Pharmaceuticals	13,088	Devro	10,057
BT	12,006	Vodafone	7,187
Strix	11,297	Beazley	5,122
Direct Line Insurance	10,206	Euromoney Institutional Investor	4,441
HSBC	9,547	SSE	4,224
GSK	9,491	National Grid	4,092
National Express	8,467	BAE Systems	3,981
Virgin Money 8.25% Perpetual	8,426	Haleon	3,761
RWS	7,250	Wilmington	2,140
Liontrust Asset Management	7,084	Balfour Beatty	2,020
Smith & Nephew	6,966	Origin Enterprises	1,754
Tesco	6,812	ITV	1,575
Speedy Hire	5,954	BP	864
Balfour Beatty	5,879	GYG	375
ITV	5,379	Shoe Zone	201
C&C	5,078	Liontrust Asset Management	118
Diversified Energy	4,875	Fintel	103
Ibstock	4,871		
Lloyds Banking	4,818		
Total purchases for the year	241,699	Total sales for the year	64,601

Statement of Total Return

for the year ended 31 December 2022

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(3,915)		36,827
Revenue	3	13,317		7,068	
Expenses	4	(1,766)		(1,130)	
Net revenue before taxation		11,551		5,938	
Taxation	5	(152)		(98)	
Net revenue after taxation			11,399		5,840
Total return before distributions			7,484		42,667
Distributions	6		(12,604)		(6,600)
Change in net assets attributable to shareholders from investment activities			(5,120)		36,067

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		204,657		179,942
Amounts receivable on creation of shares	220,464		75,673	
Less: Amounts payable on cancellation of shares	(45,016)		(88,725)	
		175,448		(13,052)
Dilution levy		38		–
Change in net assets attributable to shareholders from investment activities		(5,120)		36,067
Retained distribution on accumulation shares		3,634		1,700
Closing net assets attributable to shareholders		378,657		204,657

Balance Sheet

as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Assets:			
Fixed Assets:			
Investments		372,450	202,805
Current assets:			
Debtors	7	2,979	891
Cash and bank balances	8	11,167	4,300
Total assets		386,596	207,996
Liabilities:			
Creditors:			
Distribution payable		(5,710)	(2,796)
Other creditors	9	(2,229)	(543)
Total other liabilities		(7,939)	(3,339)
Net Assets Attributable to Shareholders		378,657	204,657

Notes to the Financial Statements

1. Investments at Fair Value

Fair Value Hierarchy

SORP requires disclosures of financial instruments measured at fair value to be based on three classifications of hierarchy that reflects the significance of the inputs in such fair value measurements.

The hierarchy gives the highest priority to quoted prices for identical instruments in active markets and lowest priority to valuation techniques using non-observable data. The three classifications of the fair value hierarchy are as follows:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Fund uses the "market approach" valuation technique to value its investments. Inputs are determined by observable data. A financial instrument's classification within the fair value hierarchy is based on the lowest classification of any input that is significant to the fair value measurement.

However, the determination of what constitutes "observable" may require significant judgment but can generally be considered as that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the risk of that instrument.

The following table analyses within the fair value hierarchy of the financial assets and liabilities measured at fair value at 31 December 2022 and 31 December 2021:

Valuation technique	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	372,450	–	202,805	–
Level 2	–	–	–	–
Level 3	–	–	–	–
Total investments at fair value	372,450	–	202,805	–

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	2022 £'000	2021 £'000
Non-derivative securities	(3,910)	36,513
Forward foreign exchange currency contracts	–	352
Currency losses	(4)	(18)
Handling charges	(12)	(20)
Sundry charges	11	–
Net capital (losses)/gains	(3,915)	36,827

3. Revenue

	2022 £'000	2021 £'000
UK dividends	11,205	6,251
Overseas dividends	1,625	719
Property revenue from UK REITs – PID	159	98
Bank interest	7	–
Interest on debt securities	321	–
Total revenue	13,317	7,068

Notes to the Financial Statements

4. Expenses

	2022 £'000	2021 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	1,684	1,045
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	57	35
Safekeeping charge	18	12
Other expenses:		
Audit fees	15	16
Other	(8)	22
Total expenses	1,766	1,130

5. Taxation

	2022 £'000	2021 £'000
a) Analysis of tax charge in the year:		
Overseas tax	152	98
Total current tax (note 5b)	152	98

b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2021: 20%). The differences are explained below:

Net revenue before taxation	11,551	5,938
Corporation tax of 20% (2021: 20%)	2,309	1,188
Effects of:		
UK dividends	(2,241)	(1,251)
Revenue not subject to taxation	(332)	(146)
Movement in excess management expenses	265	206
Overseas tax	152	98
Expenses not deductible for tax purposes	(1)	3
Current tax charge for year (note 5a)	152	98

c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £930,919 (2021: £665,762) relating to surplus management expenses. It is unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

Notes to the Financial Statements

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	2022 £'000	2021 £'000
Interim	6,961	3,146
Final	7,773	3,676
Add: Revenue deducted on cancellation of shares	462	568
Deduct: Revenue received on creation of shares	(2,592)	(790)
Net distributions for the year	12,604	6,600
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	11,398	5,840
Tax relief on ACD's periodic charge	(67)	(13)
Expenses charged to capital	1,273	773
Net distributions for the year	12,604	6,600

7. Debtors

	2022 £'000	2021 £'000
Amounts receivable for issue of shares	1,762	109
Accrued revenue	1,182	741
Overseas tax recoverable	42	41
Other debtors	(7)	–
Total debtors	2,979	891

8. Cash and bank balances

	2022 £'000	2021 £'000
Cash and bank balances	11,167	4,300
Total cash and bank balances	11,167	4,300

9. Creditors

	2022 £'000	2021 £'000
Purchases awaiting settlement	1,710	129
Amounts payable for cancellation of shares	253	169
Corporation tax payable	(7)	–
Accrued expenses	273	245
Total creditors	2,229	543

Notes to the Financial Statements

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2022 Opening shares in issue	Issued	Redeemed	Shares converted	2022 Closing shares in issue
Z Distribution – Income Shares	13,983,370	14,986,077	(2,776,725)	–	26,192,722
Z Distribution – Accumulation Shares	3,075,353	5,521,316	(1,067,770)	–	7,528,899
Institutional Class – Income Shares	556,870	74,922	(83,322)	–	548,470
Institutional Class – Accumulation Shares	1,626,044	205,076	(255,526)	–	1,575,594
Z II Class – Accumulation Shares	12,384	4,355	(8,195)	–	8,544

11. Related party transactions

All material related party transactions, as set out in Financial Reporting Standard 8 “Related Party Disclosures”, have been disclosed in the notes to the financial statements.

The ACD is authorised to operate umbrella cash accounts held in the name of the Company and it has delegated such authority to the Transfer Agent. All subscriptions and redemptions from the relevant Fund will be channelled and managed through such umbrella cash accounts. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

At the year end accrued expenses included amounts owing to the ACD of £175,507 (2021: £98,570). The charge for the year is disclosed in Note 4.

As at 31 December 2022, no shareholder (2021: one) held over 20% of value of the Fund.

All other material related party transactions have been disclosed in the notes to the financial statements.

12. Share classes

The Fund has five share classes.

The ACD's periodic charge on each share class is as follows:

	%
Z Distribution – Income Shares:	0.55
Z Distribution – Accumulation Shares:	0.55
Institutional Class – Income Shares:	0.75
Institutional Class – Accumulation Shares:	0.75
Z II Class – Accumulation Shares:	0.08

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 99 to 101.

The distribution per share class is given in the Distribution Tables on pages 102 and 103. All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 31 December 2022, the Fund had no capital commitments (2021: £nil) and no contingent liabilities (2021: £nil).

14. Derivatives and other financial instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity, redemption, credit and interest rate risk.

(a) Market price risk

Market price risk arises from uncertainty about future prices of financial instruments held. It represents the potential loss the Funds might suffer through holding market positions in the face of price movements. The Investment Adviser takes into consideration the asset allocation of the portfolio when assessing the risk profile associated with particular countries or industry sectors whilst continuing to follow the investment objectives of the Funds' and by regularly reviewing and evaluating the Funds potential exposure to market risk using the commitment method.

With all other variables staying the same, if market prices increase or decrease by 10%, then the impact on the portfolio will be an increase or decrease of 10% (£37,245,028) (2021: £20,280,498).

(b) Foreign currency risk

A substantial portion of the financial assets of the Fund may be denominated in currencies other than the base currency of the Fund with the effect that the balance sheet and total return can be significantly affected by currency movements. The Fund may enter into forward foreign currency exchange contracts in order to hedge against currency movements. However, it is not always possible to precisely match the forward foreign exchange amount and the value of such securities may vary as a consequence of market movements over the life of the forward exchange contract.

Notes to the Financial Statements

As at 31 December the sub-fund had the following net currency exposure (excluding sterling):

	Currency exposure 2022 £'000	Currency exposure 2021 £'000
Danish krone	1	1
Euro	28	1,701
Swiss franc	14	14
US dollar	265	–
Total	308	1,716

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. However, the assets of the Fund comprise mainly realisable securities, which can be readily sold.

The ACD may with prior agreement of the Depositary, temporarily suspend the issue, redemption and exchange of shares in the Fund where due to exceptional circumstances it is in the interests of all the shareholders in the Fund.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual settlement date. Balances as set out in the table below have not been discounted, as the impact of discounting is not significant.

As at 31 December 2022	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	253	–
Purchases awaiting settlement	1,710	–
Accrued expenses	273	–
Distribution payable on income shares	–	5,711
Net assets attributable to shareholders	378,657	–
	380,893	5,711

As at 31 December 2021	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	169	–
Purchases awaiting settlement	129	–
Accrued expenses	245	–
Distribution payable on income shares	–	2,795
Net assets attributable to shareholders	204,657	–
	205,200	2,795

(d) Redemption risk

The redemption risk for the Fund is the redemption of any shares that investors wish to sell. Large redemptions of shares in the Fund might result in the Fund being forced to sell assets at a time, under circumstances and at a price where it would, instead, normally prefer not to dispose of those assets. The Fund has a redemption risk due to a significant number of shares held by a small concentration of shareholders.

(e) Credit risk

The Fund is exposed to credit risk on counterparties with whom it trades and may bear the risk of settlement default. Counterparty risk is limited in that most securities are settled on delivery against payment in the recognised clearing systems and the risk of default is considered minimal as security delivery and payment are simultaneous.

At 31 December 2022 the Fund held cash deposits of £11,167,409 (2021: £4,300,206) with State Street Trustees Limited. The credit risk to the Fund is the risk that the counterparties default on their obligation to repay the Fund. The Fund manages this credit risk by only holding deposits with approved brokers that belong to an internationally recognised financial services firm.

The Investment Adviser manages credit risk for derivative transactions by only using approved brokers that belong to an internationally recognised financial services firm or alternatively command a high market share in a given market segment.

(f) Interest rate risk

The Funds may hold cash balances which are subject to a floating rate of interest. At the year end, floating rates were tracked against the Bank of England base rate -0.5% and for any overdrafts the Bank of England base rate +1%. The amount of the cash balances are set out in the notes to the financial statements for each Fund.

The majority of the assets of the Funds are equity shares and other investments which neither pay interest nor have a maturity date.

Notes to the Financial Statements

(g) Gains and losses on financial assets

The net capital gains from trading in financial assets and financial liabilities shown in the Statement of Total Return are analysed in note 2 of the Financial Statements.

(h) Fair value of financial assets and financial liabilities

All the assets of the Fund are held at fair value as determined in accordance with the accounting policies.

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Equities	229,662	72,084	64,626	86,503
Bonds	10,944	–	–	–
Trades in the year before transaction costs	240,606	72,084	64,626	86,503
Commissions				
Equities	84	23	(25)	(38)
Total commissions	84	23	(25)	(38)
Taxes				
Equities	1,009	323	–	–
Total costs	1,093	346	(25)	(38)
Total net trades in the year after transaction costs	241,699	72,430	64,601	86,465

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	2022 %	2021 %	2022 %	2021 %
Commissions				
Equities	0.04	0.03	(0.04)	(0.04)
Taxes				
Equities	0.44	0.45	–	–

Total transaction cost expressed as a percentage of average net asset value.

	2022 %	2021 %
Commissions	0.04	0.03
Taxes	0.34	0.18
Total costs	0.38	0.21

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.65% (2021: 0.74%).

16. Events during the year

On 23 February 2022, 1 July 2022 and 26 July 2022 a new prospectus of the Company was issued.

The Authorised Corporate Director of the Fund acknowledges the military actions engaged by Russia in Ukraine and its potential to negatively impact the markets in which the Fund's assets are invested. The ultimate impact on the Fund remains uncertain and can vary according to the countries, asset classes, industry sectors and securities they are invested in. The Authorised Corporate Director and Investment Adviser are closely monitoring the impact on the Fund including any impact on liquidity and liquidity management, fair valuation procedures, investment compliance breaches.

There has been no other significant events affecting the Fund during the year.

17. Events after the Balance Sheet date

There has been no other significant events affecting the Fund since the year end.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (p)	2021 (p)	2020 (p)
Z Distribution – Income Shares			
Change in net assets per share			
Opening net asset value per share	1,018.13	824.48	979.43
Return before operating charges*	29.12	236.77	(124.08)
Operating charges	(5.86)	(5.84)	(4.67)
Return after operating charges*	23.26	230.93	(128.75)
Distributions on income shares	(44.89)	(37.28)	(26.20)
Closing net asset value per share	996.50	1,018.13	824.48
* including direct transaction costs of:	3.77	2.04	1.92
Performance			
Return after charges	2.28%	28.01%	(13.15%)
Other information			
Closing net asset value (£'000)	261,012	142,369	127,393
Closing number of shares	26,192,722	13,983,370	15,451,125
Operating charges	0.58%	0.61%	0.62%
Direct transaction costs	0.38%	0.21%	0.25%
Prices			
Highest share price	1,104.31	1,037.36	979.41
Lowest share price	900.94	825.41	587.39
	2022 (p)	2021 (p)	2020 (p)
Z Distribution – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,205.67	940.97	1,080.56
Return before operating charges*	35.10	271.50	(134.42)
Operating charges	(6.96)	(6.80)	(5.17)
Return after operating charges*	28.14	264.70	(139.59)
Distributions on accumulation shares	(46.94)	(36.39)	(24.27)
Retained distributions on accumulation shares	46.94	36.39	24.27
Closing net asset value per share	1,233.81	1,205.67	940.97
* including direct transaction costs of:	4.52	2.36	2.12
Performance			
Return after charges	2.33%	28.13%	(12.92%)
Other information			
Closing net asset value (currency'000)	92,893	37,079	29,249
Closing number of shares	7,528,899	3,075,353	3,108,352
Operating charges	0.58%	0.61%	0.62%
Direct transaction costs	0.38%	0.21%	0.25%
Prices			
Highest share price	1,307.74	1,205.64	1,088.39
Lowest share price	1,092.11	942.03	648.03

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (p)	2021 (p)	2020 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	1,008.88	818.63	974.64
Return before operating charges*	29.00	234.98	(123.60)
Operating charges	(7.91)	(7.75)	(6.23)
Return after operating charges*	21.09	227.23	(129.83)
Distributions on income shares	(44.45)	(36.98)	(26.18)
Closing net asset value per share	985.52	1,008.88	818.63
* including direct transaction costs of:	3.78	2.03	1.92
Performance			
Return after charges	2.09%	27.76%	(13.32%)
Other information			
Closing net asset value (currency'000)	5,405	5,618	5,356
Closing number of shares	548,470	556,870	654,300
Operating charges	0.79%	0.81%	0.82%
Direct transaction costs	0.38%	0.21%	0.25%
Prices			
Highest share price	1,094.02	1,027.95	974.53
Lowest share price	891.39	819.53	584.25
	2022 (p)	2021 (p)	2020 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,195.48	934.89	1,075.73
Return before operating charges*	35.06	269.54	(133.97)
Operating charges	(9.47)	(8.95)	(6.87)
Return after operating charges*	25.59	260.59	(140.84)
Distributions on accumulation shares	(44.22)	(33.90)	(22.45)
Retained distributions on accumulation shares	44.22	33.90	22.45
Closing net asset value per share	1,221.07	1,195.48	934.89
* including direct transaction costs of:	4.53	2.33	2.13
Performance			
Return after charges	2.14%	27.87%	(13.09%)
Other information			
Closing net asset value (currency'000)	19,239	19,439	17,748
Closing number of shares	1,575,594	1,626,044	1,898,445
Operating charges	0.78%	0.81%	0.81%
Direct transaction costs	0.38%	0.21%	0.25%
Prices			
Highest share price	1,296.39	1,195.48	1,083.52
Lowest share price	1,081.25	935.92	644.85

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2022 (p)	2021 (p)	2020 (p)
Z II Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,225.10	951.81	1,087.89
Return before operating charges*	35.95	275.05	(134.89)
Operating charges	(1.11)	(1.76)	(1.19)
Return after operating charges*	34.84	273.29	(136.08)
Distributions on accumulation shares	(53.97)	(42.00)	(28.50)
Retained distributions on accumulation shares	53.97	42.00	28.50
Closing net asset value per share	1,259.94	1,225.10	951.81
* including direct transaction costs of:	4.72	2.35	2.12
Performance			
Return after charges	2.84%	28.71%	(12.51%)
Other information			
Closing net asset value (currency'000)	108	152	196
Closing number of shares	8,544	12,384	20,579
Operating charges	0.09%	0.16%	0.14%
Direct transaction costs	0.38%	0.21%	0.25%
Prices			
Highest share price	1,329.54	1,225.11	1,095.81
Lowest share price	1,113.20	952.93	653.09

Distribution Tables

Distribution in pence per share

Group 1 Interim Shares purchased prior to 1 January 2022

Group 2 Interim Shares purchased on or between 1 January 2022 and 30 June 2022

Group 1 Final Shares purchased prior to 1 July 2022

Group 2 Final Shares purchased on or between 1 July 2022 and 31 December 2022

Z Distribution – Income Shares

	Net revenue	Equalisation	Distributions paid/payable 2022/2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Interim	23.5300	–	23.5300	18.0500
Final	21.3600	–	21.3600	19.2300
Group 2	(p)	(p)	(p)	(p)
Interim	9.6800	13.8500	23.5300	18.0500
Final	–	21.3600	21.3600	19.2300

Z Distribution – Accumulation Shares

	Net revenue	Equalisation	Distributions paid/payable 2022/2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Interim	24.1100	–	24.1100	17.3100
Final	22.8300	–	22.8300	19.0800
Group 2	(p)	(p)	(p)	(p)
Interim	8.9600	15.1500	24.1100	17.3100
Final	–	22.8300	22.8300	19.0800

Institutional Class – Income Shares

	Net revenue	Equalisation	Distributions paid/payable 2022/2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Interim	23.3000	–	23.3000	17.9100
Final	21.1500	–	21.1500	19.0700
Group 2	(p)	(p)	(p)	(p)
Interim	19.6100	3.6900	23.3000	17.9100
Final	9.6600	11.4900	21.1500	19.0700

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distributions paid/payable 2022/2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Interim	22.6900	–	22.6900	16.1400
Final	21.5300	–	21.5300	17.7600
Group 2	(p)	(p)	(p)	(p)
Interim	15.9400	6.7500	22.6900	16.1400
Final	–	21.5300	21.5300	17.7600

Distribution Tables

Z II Class – Accumulation Shares

	Net revenue	Equalisation	Distributions paid/payable 2022/2023	Distribution paid 2022
Group 1	(p)	(p)	(p)	(p)
Final	53.9700	–	53.9700	42.0000
Group 2	(p)	(p)	(p)	(p)
Final	53.9700	–	53.9700	42.0000

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.

Statement of the Authorised Corporate Director's Responsibilities

The Collective Investment Schemes Sourcebook as issued and amended by the FCA requires the Authorised Corporate Director to prepare financial statements for each annual accounting period which give a true and fair view of the financial affairs of the Company and of its income/expenditure and net gains or losses on the property for the year. In preparing these financial statements the Authorised Corporate Director is required to:

- comply with the Prospectus, generally accepted accounting principles and applicable accounting standards subject to any material departures which are required to be disclosed and explained in the financial statements;
- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the IMA in May 2014;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The Authorised Corporate Director is required to keep proper accounting records, to manage the Company in accordance with the Collective Investment Schemes Sourcebook as issued and amended by the FCA, the Instrument of Incorporation and the Prospectus and to take reasonable steps for the provision and detection of fraud or other irregularities.

Statement of Depositary's Responsibilities in respect of the Company

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open- Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Report of the Depositary


To the shareholders of GAM Funds

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects, the AFM;

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the COLL Sourcebook and, where applicable, the OEIC Regulations and the Company's Instrument of Incorporation and Prospectus; and
- (ii) has, observed the investment and borrowing powers and restrictions applicable to the Company.

State Street Trustees Limited

27 April 2023





Independent auditors' report to the Shareholders of GAM Funds

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of GAM Funds (the "Company"):

- give a true and fair view of the financial position of the Company and each of the funds as at 31 December 2022 and of the net revenue/expenses and the net capital gains/losses on the scheme property of the Company and each of the funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

GAM Funds is an Open Ended Investment Company ('OEIC') with 6 funds. The financial statements of the Company comprise the financial statements of each of the funds. We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the balance sheets as at 31 December 2022; the statements of total return, and the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; the summary of significant accounting policies applicable to all funds; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to the Summary of Significant Accounting policies applicable to all Funds note (a) on page 5 to the financial statements which describes the Authorised Corporate Directors' reasons why the financial statements of GAM UK Diversified, GAM North American Growth and GAM Continental European Equity have been prepared on a basis other than going concern.

Conclusions relating to going concern

With the exception of GAM UK Diversified, GAM North American Growth and GAM Continental European Equity where a basis of accounting other than going concern has been adopted as set out in the Emphasis of matter - financial statements prepared on a basis other than going concern above, based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's or any funds' ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's or any funds' ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or individual fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company or the funds and judgements and assumptions made by management in their significant accounting estimates. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to fair value of investments



There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin, Ireland
27 April 2023

- Maintenance and integrity of the GAM website is the responsibility of the Authorised Corporate Director, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented to the website
- Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

General Information (unaudited)

The Company

GAM Funds, an open-ended investment company ("OEIC") with variable capital, is an umbrella company, consisting of a number of 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 director of GAM Funds and is responsible for all aspects of administration and management within the OEIC. The ACD is GAM Sterling Management Company Limited, 8 Finsbury Circus, London EC2M 7GB, 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.

Financial instruments held in Custody deposited with the Depositary under the terms of the Depositary Agreement are not subject to any encumbrance or security interest whatsoever and the Company undertakes that it will not create or permit to subsist any encumbrance or security interest over such financial instruments held in custody during the term of the Depositary Agreement except encumbrances that arise by the operation of law in favour of the Depositary, or as described in or as envisaged by the Prospectus and with the prior consent of the Depositary. No such encumbrances arose during the current or prior year.

Minimum initial investment

In all Funds there is a minimum initial investment except in respect of the class G shares of GAM UK Equity Income.

Distributions

The annual income payment date of each Fund is on or before 28 February. Semi-annual income payment date for relevant classes is on or before 31 August. Distributions from each Fund consist of investment income net of expenses and is allocated between income and accumulation shares according to the respective shares of each 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 Funds. Each income share represents one undivided share in the property of the respective Fund. Where both income and accumulation shares are in existence in a Fund, the number of shares (including fractions) in the property of the 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 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 Fund is allocated between income shares and accumulation shares according to the respective shares in the property of the 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.

There may be a dilution or reduction in the value of the property of a Fund as a result of such costs of dealing in the underlying investments and of any spread between the buying and selling prices of those investments. In certain circumstances (such as a large number of deals), dilution may have a material adverse effect on the continuing shareholders' interest in that Fund. With a view to mitigating such dilution, the ACD is entitled to adjust the share price up or down by applying a swing factor adjustment to the sale price or the redemption price of shares. The ACD will normally apply a swing factor adjustment to the price of a share:

- if on any day, any Fund experiences levels of net subscriptions which are deemed by the ACD to be significant for that Fund, the ACD will adjust the price of shares in that Fund upwards by the swing factor adjustment amount;
- where a Fund is experiencing large levels of net redemptions relative to its size, the ACD will adjust the price of shares in that Fund downwards by the swing factor adjustment amount;
- where the potential cost to a Fund justifies the application of an adjustment, for example where a large inflow is experienced, relative to a Fund's size; or
- in any other circumstances where the ACD believes that a swing factor adjustment is in the best interest of shareholders.

General Information (unaudited)

No swing factor adjustment will be applied in respect of shares in the GAM Credit Opportunities.

If a Fund is not experiencing a significant level of net flows as assessed by the ACD (in either direction) then the Fund will apply a swing factor.

Income Distributions

The Funds pay their annual distribution at the end of February, the GAM UK Equity Income also makes an interim distribution which is paid at the end of August.

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.

Fund	Institutional A & R			Z & ZII
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 UK Equity Income	Up to 1.50%	Up to 0.75%		Up to 1.50%
GAM Disruptive Growth	Up to 1.15%	Up to 0.70%		Up to 0.70%
GAM North American Growth*	Up to 1.50%	Up to 0.90%		Up to 1.50%

* Fund closed 13 June 2022

** Fund closed 31 January 2023

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 (2020/2021: £2,000) 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 2022/2023 the first £12,300 (2021/2022: £12,000) 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.

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. 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.

Risks

The Funds are segregated portfolios of assets and, accordingly, the assets of a 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 Year

On 31 January 2022, GAM Global Diversified changed its name to be GAM Disruptive Growth and Mark Hawtin replaced Kevin Kruczynski as Investment Adviser.

With effect from 8 February 2022, GAM Continental Europe became a standalone fund and no longer invest in the master fund GAM Star Continental European Equity.

On 23 February 2022 a new prospectus of the Company was issued.

On 13 June 2022, GAM North American Growth merged with GAM Disruptive Growth which was completed by an in-specie transfer of assets from North American Growth to GAM Disruptive Growth.

On 1 July 2022 and 26 July 2022 a new prospectus of the Company was issued.

The Authorised Corporate Director of the Fund acknowledges the military actions engaged by Russia in Ukraine and its potential to negatively impact the markets in which the Fund's assets are invested. The ultimate impact on the Fund remains uncertain and can vary according to the countries, asset classes, industry sectors and securities they are invested in. The Authorised Corporate Director and Delegate Investment Adviser are closely monitoring the impact on the Fund including any impact on liquidity and liquidity management, fair valuation procedures, investment compliance breaches.

There has been no other significant events affecting the Company during the year end.

Events after the year end

The final valuation of GAM Continental European Equity was completed on 31 January 2023 and the Fund has commenced the liquidation process.

On 3 May 2023 it is expected that a new prospectus of the Company will be issued.

The Termination Accounts for GAM UK Diversified, GAM North American Growth and GAM Continental European Equity will be prepared and the final liquidation process for these Funds will be completed in 2023.

There has been no other significant events affecting the Company since the year end.

GAM Sterling Management Limited – Remuneration Disclosure (unaudited)

Qualitative disclosures

Decision-making process to determine remuneration policies

Under the GAM Group's framework ultimate responsibility in compensation matters is held by the Board of Directors of GAM Holding AG ("the Board"). The Board is supported in compensation related issues by the Compensation Committee ("CompC").

- The Board is responsible for establishing the Group Compensation Policy, and with support of the CompC regularly reviewing the Group Compensation Policy in order to meet any important regulatory developments and the objectives of the Group.
- The CompC is delegated with the role of supporting the Board in setting compensation guidelines, establishing share-based compensation plans and approving the aggregate variable compensation expenditure of the Group as well as determining and proposing to the Board the individual total compensation payable to the members of the Board (other than its Chairman) for approval. The CompC regularly reports to the Board on the status of its activities, the development of the compensation architecture within the Group as well as on the operational implementation of this Policy. The CompC consists of at least three members of the Board all of whom are Non-Executive Directors.
- The Compensation Management Committee ('CMC', 'the Committee') has delegated authority from the CompC to provide support and advice to the CompC to ensure that the compensation policy and practices across GAM Holding AG Group operate in line with EU regulations that apply to its regulated entities and delegates. The CMC comprises of four members including three senior members from Risk, Legal and Compliance and Human Resources functions of the Group.

GAM Group's compensation philosophy is aligned with the Group's overall long-term objective of sustainable growth and profitability as well as its tolerance for risk. The Group's approach provides for compensation that attracts and retains employees in a given local market and motivates them to contribute to the development and growth of our business. The policy promotes sound and effective risk management and does not encourage inappropriate risk taking.

Link between pay and performance.

As described above, GAM Group operates a Group-wide remuneration policy, which applies to all employees across the Group including the above entities. The compensation structure is simple and straight-forward. It is first and foremost designed to safeguard the long-term success and prosperity of the shareholders. A robust performance management system forms part of the compensation process and enables us to reward success and minimise the possibility of payment for failure.

The composition of the elements within an individual's overall compensation is the result of the function and performance of the individual, including alignment with the Group's risk tolerances, market competitiveness and overall profitability. The Group's total compensation approach comprises fixed and variable compensation.

Fixed compensation includes base salary, which reflects seniority, experience, skills and market conditions, together with fixed allowances for certain employees in Switzerland consistent with customary local practice.

Variable compensation is awarded annually and is dependent on Group, business area and individual performance. Cash bonuses that are driven by activities that leave meaningful amounts of future risk with the Group, either via direct balance sheet exposure or through the potential for other negative income events are prohibited.

For members of the Group Management Board, a portion of variable compensation is paid in the form of deferred, share-based awards, reflecting their accountability for the operating results achieved and the impact of their decisions on the Group's future development.

In addition to members of the Group Management Board, other senior employees of the Group may have a portion of their variable compensation deferred to provide alignment with long term interest of clients and shareholders.

Discretionary compensation decisions are based on individual's achievement of pre-set targets and contributions to the Group's development. This fosters a work ethic that is driven by high performance and tangible results.

Identified Staff identification

The categories of staff for inclusion as Identified staff for GAM Sterling Management Limited include:

- Executive and non-executive members of the Board
- Other members of senior management
- Staff responsible for heading the investment management, administration e.g. marketing, human resources

Executive directors of the UK regulated entities do not receive any kind of remuneration linked to their role. Should any remuneration be granted directors in the future, such remuneration will be fixed and not linked to the short-term results of the UK regulated entities.

The Identified Staff are identified and reviewed on an annual basis by the CMC in line with the criteria set out under EU regulations, namely:

If, in the performance of their professional activities certain staff of a delegate portfolio manager can have a material impact on the risk profiles of the funds they manage, these employees are considered as "Identified Staff". For this purpose the Group considers the respective delegate portfolio manager as subject to equally effective regulation if they are required by law and regulations or in accordance to internal standards to put in place a remuneration policy, which in accordance to the ESMA Remuneration Guidelines 2013/232 and 2016/575 is considered equivalent in its objectives. The Group's UCITS regulated entities will only delegate its portfolio management to firms, whose remuneration policy complies with the 'equivalence standard' as described.

Quantitative disclosures

The remuneration data provided below reflects amounts paid in respect of the performance year 2018 in relation to the UCITS funds managed by GAM Sterling Management Limited.

GAM Sterling Management Limited manages one UCITS funds, with a combined AUM of £504 million – [equal to funds of the Management Company, including those managed by delegates]. GAM Sterling Management Limited has a Board of Directors but the Company does not employ any staff, although persons do act on behalf of it. The Directors primary role is to ensure that all decisions related to the UCITS under management are taken in the best interests of investors.

For the performance year 2022, in total 25 individuals fell within the Identified Staff identification. The lists of Identified Staff are subject to regular review by the CMC and approved by the local entity's Board of Directors. All Identified Staff are notified of their identification and the implications of this status annually.

Total Remuneration paid to Identified Staff in the Management Company	£4,096,822
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Notes

In the figures above, fixed remuneration relates to salary and pension benefits and variable remuneration includes the annual bonus including any long term incentive awards.

Where relevant, the remuneration information provided in the table above relates to a proportion of the amount of total fixed and variable remuneration paid to employees in the Management Company and its delegate(s) that relates to their UCITS activities.

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