
GAM Funds

Annual Report

for the year ended 31 December 2021

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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

Simon Ellis

Independent Non-Executive Director

Sybille Hofmann

Independent Non-Executive Director

Darren Nicholls

Head of Risk (UK), GAM Sterling Management Limited
(Resigned 23 November 2021)

Andrew Pratt

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

Charles Naylor

Director, GAM Sterling Management Limited
(Appointed 10 February 2021)

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)**

Atlanticomnium SA
24 Route de Malagnou, Case Postale 330
CH-1211 Geneva 17, Switzerland
(regulated by the Swiss FINMA)

Depositary

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
54-62 Townsend Street, Dublin 2, D02 R156, Ireland

Authorised Corporate Director's Report

The Authorised Corporate Director ("ACD") presents its report and audited financial statements for the year to 31 December 2021.

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 "UK UCITS scheme" for the purposes of the 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 sub-funds ("Funds"). The shareholders will not be liable for the debts of the Company.

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

Prices are published daily on
www.gam.com/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.



Director



Director

26 April 2022

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 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

The objective of the Fund is to provide capital growth. At least 65% of the Fund's investments are in a concentrated portfolio of North American equities.

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

GAM Continental European Equity

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

GAM Emerging Equity

(This Fund closed on 13 January 2022 and is no longer available for investment.)

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

GAM 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.

Investment Objectives and Policy (continued)

GAM Global Eclectic Equity Fund

(This Fund closed on 19 May 2020 and is no longer available for investment.)

The objective of the Fund was to provide capital appreciation.

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 2021 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 Emerging Equity, GAM North American growth, GAM Global Eclectic Equity Fund 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").

(b) Basis of Valuation of Investments

Recognition/Derecognition

Purchases and sales are initially recognised on trade date – the date on which the Funds 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 Funds has transferred substantially all risks and rewards of ownership.

Measurement

The investments of the Funds have been valued at bid prices as at 23:00 (GMT) on 31 December 2021. 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 identified 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 2021	31 December 2020
Australian dollar	1.8588	1.7715
Canadian dollar	1.7164	1.7415
Danish krone	8.8545	8.3158
Euro	1.1906	1.1172
Hong Kong dollar	10.5091	10.5991
Japanese yen	155.1357	141.1307
New Zealand dollar	1.9726	1.8985
Norwegian krone	11.8924	11.7038
South African rand	21.4925	20.0788
Swedish krona	12.2107	11.2261
Swiss franc	1.2304	1.2083
Thai baht	45.0166	40.9538
US dollar	1.3476	1.3669

(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 Emerging Equity and GAM Global Eclectic Equity Fund are no longer available for investment.

Manager: Kevin Kruczynski

Commentary (unaudited)

Market environment

It was a positive year for global equities as benchmark indices made new highs, however this grind higher, led by enthusiasm for a narrow cohort of companies, disguises a challenging landscape as markets continue to grapple with several crosscurrents beneath the surface. Companies have been navigating supply chain disruptions, higher commodity prices, and labour shortages. The Fund's holdings are generally weathering this situation quite well and many companies are reporting a strong demand picture for their products and services. The Delta variant of Covid-19, and subsequently the emergence of the Omicron variant towards the end of the period presented additional sources of uncertainty. In both instances markets initially took a step back as participants assessed their potential impact; these initial worries were however eventually brushed off, and equities closed out the year near their highs.

Performance

The Fund generated positive absolute returns but trailed the benchmark over the period. Higher quality companies, such as Microsoft, Richemont and Keysight Technologies were amongst the top contributors to performance. Our holdings exposed to China, notably Prosus and Alibaba, along with copper miner Lundin Mining were the main detractors – mainly due to geopolitical and regulatory fears. On a relative basis, the Fund suffered from having too little exposure to the large cap technology companies and US banks.

Portfolio activity

In terms of positioning, we have maintained a degree of exposure to companies that are beneficiaries of inflation and reopening but have gradually been trimming this back. We have added higher quality companies that are beneficiaries of long-term secular tailwinds and trading below our estimates of long-term intrinsic value.

Outlook

Our outlook for equities remains cautiously constructive. We are cognisant that the impact and headline risk of the pandemic are likely to remain with us for some time and the clouds of supply chain issues, bottlenecks, and inflationary pressure are likely to take a while to dissipate. More recently central bankers have been signalling that the conditions to start withdrawing the unprecedented support could be on the horizon; this is likely to lead to an adjustment in interest rate expectations, and a period of recalibration in markets. This is weighed against a positive backdrop of strong employment levels, robust household and corporate balance sheets, and high underlying demand. Ultimately, we expect positive fundamentals of the businesses in the portfolio to shine through

23 February 2022

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2021 %	31 December 2020 %
United States	72.22	42.12
Japan	9.30	10.74
China	6.56	3.64
United Kingdom	3.49	9.49
Israel	2.95	–
Switzerland	1.89	3.18
Germany	1.02	3.88
Forward Currency Contracts	(0.07)	–
Ireland	–	10.53
India	–	5.95
South Korea	–	3.26
Australia	–	2.11
Taiwan	–	2.10
Canada	–	1.99
Net other assets	2.64	1.01
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2021 %	31 December 2020 %
Software & Services	17.75	12.95
Consumer Durables & Apparel	13.63	12.08
Technology Hardware & Equipment	12.45	8.61
Health Care Equipment & Services	9.11	11.21
Media & Entertainment	7.91	5.40
Consumer Services	6.11	3.70
Semiconductors & Semiconductor Equipment	5.84	2.10
Diversified Financials	5.07	0.92
Telecommunication Services	4.12	–
Transportation	3.68	–
Capital Goods	3.52	3.09
Automobiles & Components	3.20	–
Banks	2.49	5.44
Materials	1.40	8.02
Pharmaceuticals & Biotechnology	1.15	–
Forward Currency Contracts	(0.07)	–
Food Beverage & Tobacco	–	6.50
Real Estate	–	6.03
Household & Personal Products	–	5.96
Energy	–	3.68
Retailing	–	2.64
Insurance	–	0.66
Net other assets	2.64	1.01
Total net assets	100.00	100.00

Analysis, by investment	31 December 2021 %	31 December 2020 %
Equity Quoted	97.23	98.62
Unquoted equities	0.20	0.37
Forward currency contracts	(0.07)	–
Net other assets	2.64	1.01
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 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:

- **Counterpart /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 will provide more details about all the risks for the Fund.

Portfolio Statement

as at 31 December 2021

Holdings	Description	Market Value £'000	% of Net Assets
United States 72.22% (December 2020: 42.12%)			
26,019	Microsoft	6,461	7.30
70,900	Seagate Technology	5,914	6.68
1,920	Alphabet	4,107	4.64
34,000	Akamai Technologies	2,938	3.32
6,500	Netflix	2,891	3.27
42,800	Marvell Technology	2,765	3.12
17,800	Omniceil	2,371	2.68
14,979	Keysight Technologies	2,284	2.58
25,375	Lennar	2,176	2.46
12,236	Cigna	2,074	2.34
7,650	Intuitive Surgical	2,029	2.29
6,560	Accenture	2,008	2.27
45,394	PulteGroup	1,916	2.16
10,080	Coinbase Global	1,878	2.12
25,600	AppLovin	1,781	2.01
26,000	NetApp	1,766	1.99
80,700	Frontier Communications Parent	1,757	1.98
13,000	Airbnb	1,598	1.80
20,931	CVS Health	1,594	1.80
59,800	Peloton Interactive	1,579	1.78
34,200	Sensata Technologies	1,558	1.76
16,300	PTC	1,458	1.65
17,200	Pegasystems	1,420	1.60
40,200	Freeport-McMoRan	1,239	1.40
24,878	Citigroup	1,109	1.25
76,000	Zuora	1,048	1.18
4,860	FedEx	928	1.05
5,700	United Parcel Service	902	1.02
13,800	Trimble	888	1.00
38,600	Chegg	875	0.99
2,570	PayPal	358	0.40
48,974	Cvent	295	0.33
		63,965	72.22

Portfolio Statement

as at 31 December 2021

Holdings	Description	Market Value £'000	% of Net Assets
Japan 9.30% (December 2020: 10.74%)			
51,000	Sony	4,733	5.34
159,600	SUMCO	2,404	2.72
43,400	Sumitomo Mitsui Financial	1,097	1.24
		8,234	9.30
China 6.56% (December 2020: 3.64%)			
176,500	Li Auto	2,051	2.32
1,288,000	Linklogis	890	1.01
11,900	Contemporary Amperex Technology	810	0.91
31,000	BYD	783	0.88
44,500	Sungrow Power Supply	752	0.85
84,149	Full Truck Alliance	520	0.59
		5,806	6.56
United Kingdom 3.49% (December 2020: 9.49%)			
1,116,483	BT	1,893	2.14
145,662	Oxford Nanopore Technologies	1,017	1.15
719,874	Thomas Murray Network*	180	0.20
670,754	Ludorum*†	–	–
45,557	Thomas Murray Systems*	–	–
		3,090	3.49
Israel 2.95% (December 2020: 0.00%)			
192,100	Plus500	2,614	2.95
		2,614	2.95
Switzerland 1.89% (December 2020: 3.18%)			
15,056	Cie Financiere Richemont	1,671	1.89
		1,671	1.89
Germany 1.02% (December 2020: 3.88%)			
19,100	Deutsche Post	907	1.02
		907	1.02
Total Equities		86,286	97.43

* Unquoted investments.

† A final distribution of unknown value is expected to be received during 2022, it is deemed prudent to carry the value at zero.

Portfolio Statement

as at 31 December 2021

Forward Currency Contracts (0.07)% (December 2020: 0.00%)

Purchase Currency	Contractual Amount	Sale Currency	Counterparty	Contractual Amount	Maturity Date	Market Value £'000	% of Net Assets
USD	1,751	GBP	Goldman Sachs	1,298	2022-01-05	–	–
USD	17,255	GBP	Goldman Sachs	12,859	2022-02-07	–	–
USD	2,399	GBP	Goldman Sachs	1,779	2022-01-05	–	–
USD	23,618	GBP	Goldman Sachs	17,601	2022-02-07	–	–
USD	312	GBP	Goldman Sachs	235	2022-01-10	–	–
USD	454	GBP	Goldman Sachs	335	2022-01-07	–	–
USD	689	GBP	Goldman Sachs	509	2022-01-07	–	–
USD	34,881	GBP	Goldman Sachs	26,300	2022-01-10	(1)	–
USD	43,691	GBP	Goldman Sachs	32,914	2022-01-10	(1)	–
USD	47,760	GBP	Goldman Sachs	36,011	2022-01-10	(1)	–
USD	58,321	GBP	Goldman Sachs	43,935	2022-01-10	(1)	–
USD	59,466	GBP	Goldman Sachs	44,523	2022-01-10	(1)	–
USD	75,106	GBP	Goldman Sachs	56,705	2022-01-10	(1)	–
USD	81,528	GBP	Goldman Sachs	61,042	2022-01-10	(1)	–
USD	102,844	GBP	Goldman Sachs	77,647	2022-01-10	(2)	–
USD	3,103,808	GBP	Goldman Sachs	2,315,677	2022-02-07	(24)	(0.03)
USD	3,243,781	GBP	Goldman Sachs	2,424,171	2022-01-10	(29)	(0.03)
USD	4,258,051	GBP	Goldman Sachs	3,176,830	2022-02-07	(33)	(0.04)
USD	4,342,052	GBP	Goldman Sachs	3,244,941	2022-01-10	(39)	(0.04)
15,497,767				11,575,312		(134)	(0.14)

Sale Currency	Contractual Amount	Purchase Currency	Counterparty	Contractual Amount	Maturity Date	Market Value £'000	% of Net Assets
USD	4,258,051	GBP	Goldman Sachs	3,176,316	2022-01-10	32	0.04
USD	3,103,808	GBP	Goldman Sachs	2,315,302	2022-01-10	24	0.03
USD	36,374	GBP	Goldman Sachs	27,486	2022-01-10	1	–
USD	50,231	GBP	Goldman Sachs	37,957	2022-01-10	1	–
USD	51,961	GBP	Goldman Sachs	39,307	2022-01-10	1	–
USD	52,923	GBP	Goldman Sachs	39,882	2022-01-10	1	–
USD	56,121	GBP	Goldman Sachs	42,156	2022-01-10	1	–
USD	58,389	GBP	Goldman Sachs	43,892	2022-01-10	1	–
USD	71,336	GBP	Goldman Sachs	53,963	2022-01-10	1	–
USD	72,920	GBP	Goldman Sachs	54,952	2022-01-10	1	–
USD	75,322	GBP	Goldman Sachs	56,579	2022-01-10	1	–
USD	79,855	GBP	Goldman Sachs	60,012	2022-01-10	1	–
USD	80,226	GBP	Goldman Sachs	60,307	2022-01-10	1	–
USD	1,751	GBP	Goldman Sachs	1,298	2022-01-05	1	–
USD	17,804	GBP	Goldman Sachs	13,308	2022-01-10	–	–
USD	2,399	GBP	Goldman Sachs	1,779	2022-01-05	–	–
USD	24,419	GBP	Goldman Sachs	18,252	2022-01-10	–	–
8,093,890				6,042,748		68	0.07
Total Investments						86,220	97.36
Net other assets						2,335	2.64
Total net assets						88,555	100.00

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

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2021

Major Purchases	Cost £'000	Major Sales	Proceeds £'000
Seagate Technology	4,969	Nutrien	5,117
Microsoft	4,942	Fiserv	5,062
Li Auto	4,476	Alibaba	4,994
Anglo American	4,160	BHP	4,573
BHP	4,093	Reliance Industries GDR	4,101
JD.com ADR	3,737	Anglo American	4,013
Alphabet	3,675	Microsoft	3,945
BT	3,179	Keysight Technologies	3,763
Frontier Communications Parent	3,103	JD.com	3,722
Alibaba	3,067	Dalata Hotel	3,482
Compass	3,027	Becton Dickinson	3,330
Prosus	2,934	Alphabet	3,200
Netflix	2,837	Visa	3,158
Intel	2,785	Compass	3,041
Akamai Technologies	2,748	Samsung Electronics GDR	2,943
SUMCO	2,743	Bunzl	2,929
Plus500	2,735	Mitsui Fudosan	2,855
PayPal	2,715	Tencent	2,785
Fanuc	2,700	Unilever	2,773
Accenture	2,643	Intel	2,706
Total purchases for the year	126,017	Total sales for the year	144,153

Statement of Total Return

for the year ended 31 December 2021

	Notes	2021		2020	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		8,052		8,782
Revenue	3	1,408		1,354	
Expenses	4	(790)		(915)	
Interest payable and similar charges		(1)		(5)	
Net revenue before taxation		617		434	
Taxation	5	(131)		(115)	
Net revenue after taxation			486		319
Total return before distribution			8,538		9,101
Distribution	6		(507)		(366)
Change in net assets attributable to shareholders from investment activities			8,031		8,735

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2021

	2021		2020	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		97,497		108,305
Amounts receivable on creation of shares	8,599		13,279	
Less: Amounts payable on cancellation of shares	(25,970)		(33,138)	
		(17,371)		(19,859)
Dilution levy		–		11
Change in net assets attributable to shareholders from investment activities		8,031		8,735
Retained distribution on accumulation shares		398		305
Closing net assets attributable to shareholders		88,555		97,497

Balance Sheet

as at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets:			
Fixed Assets:			
Investments		86,353	96,510
Current assets:			
Debtors	7	466	540
Cash and bank balances	8	2,341	840
Total assets		89,160	97,890
Liabilities:			
Investment liabilities		(133)	–
Creditors:			
Distribution payable		(85)	(68)
Other creditors	9	(387)	(325)
Total other liabilities		(605)	(393)
Net Assets Attributable to Shareholders		88,555	97,497

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 2021 and 31 December 2020:

Valuation technique	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	86,106	–	96,150	–
Level 2	67	(133)	–	–
Level 3	180	–	360	–
Total investments at fair value	86,353	(133)	96,510	–

2. Net capital gains

The net capital gains during the year comprise:

	2021 £'000	2020 £'000
Non-derivative securities	8,039	9,139
Forward foreign exchange currency contracts	(24)	(14)
Currency losses	(111)	(330)
Handling charges	(8)	(13)
Currency Hedge	156	–
Net capital gains	8,052	8,782

3. Revenue

	2021 £'000	2020 £'000
UK dividends	281	262
Overseas dividends	875	878
Property revenue from overseas REITs – Non PID	49	65
Bank interest	–	2
UK scrip dividends	203	147
Total revenue	1,408	1,354

Notes to the Financial Statements

4. Expenses

	2021 £'000	2020 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	717	860
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	18	19
Safekeeping charge	6	6
Other expenses:		
Audit fees	18	15
Other	31	15
Total expenses	790	915

5. Taxation

	2021 £'000	2020 £'000
a) Analysis of tax charge in the year:		
Overseas tax	131	115
Total current tax (note 5b)	131	115

b) Factors affecting current tax charge for the year:

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2020: 20%). The differences are explained below:

Net revenue before taxation	617	434
Corporation tax of 20% (2020: 20%)	123	87
Effects of:		
UK dividends	(56)	(52)
Non-taxable scrip dividends	(41)	(29)
Revenue not subject to taxation	(186)	(189)
Movement in excess management expenses	160	183
Overseas tax	131	115
Current tax charge for year (note 5a)	131	115

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 £11,559,181 (2020: £11,399,510) 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:

	2021 £'000	2020 £'000
Final	482	373
Add: Revenue deducted on cancellation of shares	28	15
Deduct: Revenue received on creation of shares	(3)	(22)
Net distribution for the year	507	366
Reconciliation of net revenue after taxation to the net distributions for the year		
Net revenue after taxation	486	319
Income deficit transfer to capital	21	–
Add: deficit carried forward to next year	–	47
Net distribution for the year	507	366

7. Debtors

	2021 £'000	2020 £'000
Amounts receivable for issue of shares	5	9
Accrued revenue	76	100
Overseas tax recoverable	385	431
Total debtors	466	540

8. Cash and bank balances

	2021 £'000	2020 £'000
Cash and bank balances	2,341	837
Short term deposits	–	3
Total cash and bank balances	2,341	840

9. Creditors

	2021 £'000	2020 £'000
Purchases awaiting settlement	20	–
Amounts payable for cancellation of shares	163	38
Accrued expenses	204	287
Total creditors	387	325

Notes to the Financial Statements

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2021 Opening shares in issue	Issued	Redeemed	2021 Closing shares in issue
A Class – Income Shares	97,910	173	(75,501)	22,582
A Class – Accumulation Shares	122,925	199	(97,143)	25,981
A Class USD Hedge – Accumulation Shares	–	713,307	(296,350)	416,957
R Class – Income Shares	326,888	–	(15,711)	311,177
R Class – Accumulation Shares	401,580	–	(44,588)	356,992
Z Class – Income Shares	668,666	1,108	(11,912)	657,862
Z Class – Accumulation Shares	3,114,992	67,630	(278,512)	2,904,110
Z II Class – Accumulation Shares	1,043,408	16,043	(67,421)	992,030
Institutional Class – Income Shares	396,840	561	(209,082)	188,319
Institutional Class – Accumulation Shares	772,220	3,575	(238,298)	537,497
Institutional Class USD Hedge – Accumulation Shares	–	324,544	(21,099)	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 £57,266 (2020: £134,550). 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

The Fund has eleven share classes.

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

	%
A Class – Income Shares:	1.50
A Class – Accumulation Shares:	1.50
A Class USD Hedge – Accumulation Shares:	1.50
R Class – Income Shares:	1.05
R Class – Accumulation Shares:	1.05
Z Class – Income Shares:	0.45
Z Class – Accumulation Shares:	0.45
Z II Class – Accumulation Shares:	0.85
Institutional Class – Income Shares:	1.05
Institutional Class – Accumulation Shares:	1.05
Institutional Class USD Hedge – Accumulation Shares:	1.05

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 23 to 28.

The distribution per share class is given in the Distribution Tables on pages 29 to 31.

All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 31 December 2021, the Fund had no capital commitments (2020: £nil) and no contingent liabilities (2020: £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 Fund 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 Fund and by regularly reviewing and evaluating the Funds potential exposure to market risk using the 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% (£8,628,624) (2020: £9,651,026).

(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 2021 £'000	Currency exposure 2020 £'000
Australian dollar	–	2,054
Canadian dollar	–	1,938
Chinese yuan	1,562	–
Euro	907	9,904
Hong Kong dollar	3,724	3,546
Japanese yen	8,251	10,473
Norwegian krone	–	17
Swedish krona	–	3
Swiss franc	1,671	3,357
US dollar	70,988	55,197
	87,103	86,489

A 10% increase/decrease in the GBP exchange rate against all other currencies, assuming all other factors remained the same, would have a £8,798,280 (2020: £9,736,313) decrease and £9,678,108 (2020: £9,606,944) increase 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 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 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
As at 31 December 2020	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	38	–
Accrued expenses	287	–
Distribution payable on income shares	–	68
Net assets attributable to shareholders	97,498	–
	97,823	68

(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 on the fund 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 2021 the Fund held cash deposits of £2,341,128 (2020: £836,992) with State Street Trustees Limited, £4 (2020: £3,286) 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 note 8 of 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.

Notes to the Financial Statements

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Equities	125,862	72,256	144,216	91,051
Trades in the year before transaction costs	125,862	72,256	144,216	91,051
Commissions				
Equities	71	24	(49)	(29)
Total commissions	71	24	(49)	(29)
Taxes				
Equities	84	62	(14)	(12)
Total taxes	84	62	(14)	(12)
Total costs	155	86	(62)	(41)
Total net trades in the year after transaction costs	126,017	72,342	144,153	91,010

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

	Purchases		Sales	
	2021 %	2020 %	2021 %	2020 %
Commissions				
Equities	0.06	0.03	(0.03)	(0.03)
Taxes				
Equities	0.07	0.09	(0.01)	(0.01)

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

	2021 %	2020 %
Commissions	0.13	0.05
Taxes	0.10	0.08
Total costs	0.23	0.13

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.06% (2020: 0.30%).

16. Events during the year

On 11 August 2021, GAM Global Diversified launched A USD Accumulation Hedge Class and Institutional USD Accumulation Hedged Class.

2021 has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The ACD and the Investment Adviser are actively monitoring the situation. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance.

Ali Miremedi has resigned as Investment Adviser of GAM Global Diversified. Kevin Kruczynski will continue as Investment Adviser.

17. Events after the Balance Sheet date

Effective from 31 January 2022 Mark Hawtin replaced Kevin Kruczynski as Investment Adviser of the Fund.

GAM Global Diversified changed its name to GAM Disruptive Growth on 31 January 2022. The new investment strategy has not been significantly modified as defined from the prospectus extract, show below.

The Fund invests at least two thirds of its assets in shares and equity related securities (such as warrants and rights issues) of companies listed on or dealt in Eligible Markets worldwide, in each case which the Investment Adviser considers have the ability to disrupt existing products or services through deploying technology and therefore demonstrate the opportunity for long-term growth.

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.

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	2020 (p)	2019 (p)
A Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	4,012.40	3,666.46	3,065.99
Return before operating charges*	408.93	402.94	682.70
Operating charges	(64.86)	(57.00)	(55.32)
Return after operating charges*	344.07	345.94	627.38
Distributions on income shares	–	–	(26.91)
Closing net asset value per share	4,356.47	4,012.40	3,666.46
* including direct transaction costs of:	9.33	4.70	4.63
Performance			
Return after charges	8.58%	9.44%	20.48%
Other information			
Closing net asset value (£'000)	984	3,929	9,348
Closing number of shares	22,582	97,910	254,943
Operating charges	1.59%	1.57%	1.58%
Direct transaction costs	0.23%	0.13%	0.13%
Prices			
Highest share price	4,466.58	4,061.90	3,782.05
Lowest share price	3,970.94	2,845.72	3,080.78
	2021 (p)	2020 (p)	2019 (p)
A Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	5,450.64	4,980.70	4,134.19
Return before operating charges*	557.63	546.63	921.08
Operating charges	(90.25)	(76.69)	(74.57)
Return after operating charges*	467.38	469.94	846.51
Distributions on accumulation shares	–	–	(36.75)
Retained distributions on accumulation shares	–	–	36.75
Closing net asset value per share	5,918.02	5,450.64	4,980.70
* including direct transaction costs of:	12.99	6.28	6.24
Performance			
Return after charges	8.57%	9.44%	20.48%
Other information			
Closing net asset value (£'000)	1,538	6,700	26,137
Closing number of shares	25,981	122,925	524,766
Operating charges	1.58%	1.57%	1.58%
Direct transaction costs	0.23%	0.13%	0.13%
Prices			
Highest share price	6,067.60	5,517.88	5,099.75
Lowest share price	5,394.32	3,865.76	4,154.15

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (c)	
A Class USD Hedge – Accumulation Shares⁽¹⁾		
Change in net assets per share		
Opening net asset value per share	1,000.00	
Return before operating charges*	30.24	
Operating charges	(4.62)	
Return after operating charges*	25.62	
Distributions on accumulation shares	(0.10)	
Retained distributions on accumulation shares	0.10	
Closing net asset value per share	1,025.62	
* including direct transaction costs of:	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	1.59%	
Direct transaction costs	0.23%	
Prices		
Highest share price	1,050.76	
Lowest share price	945.66	
	2021 (p)	2020 (p)
R Class – Income Shares⁽²⁾		
Change in net assets per share		
Opening net asset value per share	1,067.09	1,000.00
Return before operating charges*	109.52	79.04
Operating charges	(12.80)	(9.85)
Return after operating charges*	96.72	69.19
Distributions on income shares	(2.92)	(2.10)
Closing net asset value per share	1,160.89	1,067.09
* including direct transaction costs of:	2.56	1.26
Performance		
Return after charges	9.06%	6.92%
Other information		
Closing net asset value (£'000)	3,612	3,488
Closing number of shares	311,177	326,888
Operating charges	1.14%	1.12%
Direct transaction costs	0.23%	0.13%
Prices		
Highest share price	1,192.88	1,081.78
Lowest share price	1,056.44	755.61

⁽¹⁾ Share class launched on 11 August 2021.

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	2020 (p)	
R Class – Accumulation Shares⁽⁴⁾			
Change in net assets per share			
Opening net asset value per share	1,102.84	1,000.00	
Return before operating charges*	113.18	112.60	
Operating charges	(13.22)	(9.76)	
Return after operating charges*	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	1,202.80	1,102.84	
* including direct transaction costs of:	2.65	1.32	
Performance			
Return after charges	9.06%	10.28%	
Other information			
Closing net asset value (£'000)	4,294	4,429	
Closing number of shares	356,992	401,580	
Operating charges	1.14%	1.12%	
Direct transaction costs	0.23%	0.13%	
Prices			
Highest share price	1,232.85	1,115.83	
Lowest share price	1,091.84	779.40	
	2021 (p)	2020 (p)	2019 (p)
Z Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	1,088.54	991.08	828.39
Return before operating charges*	111.98	110.11	185.05
Operating charges	(6.18)	(5.16)	(5.05)
Return after operating charges*	105.80	104.95	180.00
Distributions on income shares	(9.92)	(7.49)	(17.31)
Closing net asset value per share	1,184.42	1,088.54	991.08
* including direct transaction costs of:	2.62	1.29	1.26
Performance			
Return after charges	9.72%	10.59%	21.73%
Other information			
Closing net asset value (£'000)	7,792	7,279	5,003
Closing number of shares	657,862	668,666	504,831
Operating charges	0.54%	0.52%	0.53%
Direct transaction costs	0.23%	0.13%	0.13%
Prices			
Highest share price	1,223.72	1,108.12	1,032.40
Lowest share price	1,078.19	770.92	832.45

⁽⁴⁾ Share class launched on 24 February 2020.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	2020 (p)	2019 (p)
Z Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,121.93	1,014.50	833.51
Return before operating charges*	115.41	112.70	186.06
Operating charges	(6.36)	(5.27)	(5.07)
Return after operating charges*	109.05	107.43	180.99
Distributions on accumulation shares	(10.22)	(7.66)	(17.43)
Retained distributions on accumulation shares	10.22	7.66	17.43
Closing net asset value per share	1,230.98	1,121.93	1,014.50
* including direct transaction costs of:	2.70	1.31	1.27
Performance			
Return after charges	9.72%	10.59%	21.71%
Other information			
Closing net asset value (£'000)	35,749	34,948	28,831
Closing number of shares	2,904,110	3,114,992	2,841,849
Operating charges	0.54%	0.52%	0.53%
Direct transaction costs	0.23%	0.13%	0.13%
Prices			
Highest share price	1,261.26	1,134.31	1,038.66
Lowest share price	1,111.26	789.14	837.51
	2021 (p)	2020 (p)	2019 (p)
Z II Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,111.17	1,008.80	832.05
Return before operating charges*	114.14	111.63	185.63
Operating charges	(10.99)	(9.26)	(8.88)
Return after operating charges*	103.15	102.37	176.75
Distributions on accumulation shares	(5.40)	(3.57)	(13.53)
Retained distributions on accumulation shares	5.40	3.57	13.53
Closing net asset value per share	1,214.32	1,111.17	1,008.80
* including direct transaction costs of:	2.67	1.30	1.26
Performance			
Return after charges	9.28%	10.15%	21.24%
Other information			
Closing net asset value (£'000)	12,046	11,594	10,799
Closing number of shares	992,030	1,043,408	1,070,504
Operating charges	0.94%	0.92%	0.93%
Direct transaction costs	0.23%	0.13%	0.13%
Prices			
Highest share price	1,244.50	1,123.99	1,032.92
Lowest share price	1,100.26	784.04	836.11

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	2020 (p)	2019 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	2,071.62	1,887.15	1,574.63
Return before operating charges*	212.38	208.45	352.00
Operating charges	(24.61)	(21.09)	(20.12)
Return after operating charges*	187.77	187.36	331.88
Distributions on income shares	(5.52)	(2.89)	(19.36)
Closing net asset value per share	2,253.87	2,071.62	1,887.15
* including direct transaction costs of:	4.94	2.43	2.34
Performance			
Return after charges	9.06%	9.93%	21.08%
Other information			
Closing net asset value (£'000)	4,244	8,221	8,615
Closing number of shares	188,319	396,840	456,512
Operating charges	1.14%	1.12%	1.13%
Direct transaction costs	0.23%	0.13%	0.13%
Prices			
Highest share price	2,315.84	2,098.94	1,905.96
Lowest share price	2,050.94	1,466.08	1,582.28
	2021 (p)	2020 (p)	2019 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	2,189.72	1,991.95	1,645.35
Return before operating charges*	224.66	220.01	367.77
Operating charges	(26.18)	(22.24)	(21.17)
Return after operating charges*	198.48	197.77	346.60
Distributions on accumulation shares	(5.96)	(3.00)	(23.80)
Retained distributions on accumulation shares	5.96	3.00	23.80
Closing net asset value per share	2,388.20	2,189.72	1,991.95
* including direct transaction costs of:	5.24	2.56	2.48
Performance			
Return after charges	9.06%	9.93%	21.07%
Other information			
Closing net asset value (£'000)	12,837	16,909	19,572
Closing number of shares	537,497	772,220	982,570
Operating charges	1.14%	1.12%	1.13%
Direct transaction costs	0.23%	0.13%	0.13%
Prices			
Highest share price	2,447.86	2,215.51	2,038.74
Lowest share price	2,167.87	1,547.50	1,653.48

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (C)
Institutional Class USD Hedge – Accumulation Shares⁽⁴⁾	
Change in net assets per share	
Opening net asset value per share	1,000.00
Return before operating charges*	30.71
Operating charges	(3.31)
Return after operating charges*	27.40
Distributions on accumulation shares	(1.86)
Retained distributions on accumulation shares	1.86
Closing net asset value per share	1,027.40
* including direct transaction costs of:	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	1.14%
Direct transaction costs	0.23%
Prices	
Highest share price	1,052.28
Lowest share price	946.28

⁽⁴⁾ Share class launched on 11 August 2021.

Distribution Tables

Distribution in pence and cents per share

Group 1 Final Shares purchased prior to 1 January 2021

Group 2 Final Shares purchased between 1 January 2021 and 31 December 2021

A Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	–
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	–

A Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
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 2022	Distribution paid 2021
Group 1	(c)	(c)	(c)	(c)
Final	0.1000	–	0.1000	–
Group 2	(c)	(c)	(c)	(c)
Final	0.1000	–	0.1000	–

⁽¹⁾ Share class launched on 11 August 2021.

R Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	2.9200	–	2.9200	2.1000
Group 2	(p)	(p)	(p)	(p)
Final	2.9200	–	2.9200	2.1000

R Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	3.0000	–	3.0000	1.3800
Group 2	(p)	(p)	(p)	(p)
Final	3.0000	–	3.0000	1.3800

Distribution Tables

Z Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	9.9200	–	9.9200	7.4900
Group 2	(p)	(p)	(p)	(p)
Final	5.8400	4.0800	9.9200	7.4900

Z Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	10.2200	–	10.2200	7.6600
Group 2	(p)	(p)	(p)	(p)
Final	5.8600	4.3600	10.2200	7.6600

Z II Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	5.4000	–	5.4000	3.5700
Group 2	(p)	(p)	(p)	(p)
Final	2.3000	3.1000	5.4000	3.5700

Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	5.5200	–	5.5200	2.8900
Group 2	(p)	(p)	(p)	(p)
Final	2.8100	2.7100	5.5200	2.8900

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	5.9600	–	5.9600	3.0000
Group 2	(p)	(p)	(p)	(p)
Final	1.3200	4.6400	5.9600	3.0000

Distribution Tables

Institutional Class USD Hedge – Accumulation Shares⁽²⁾

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(c)	(c)	(c)	(c)
Final	1.8600	–	1.8600	–
Group 2	(c)	(c)	(c)	(c)
Final	1.8600	–	1.8600	–

⁽²⁾ Class launched 11 August 2021.

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

It was a positive year for US equities as benchmark indices made new highs, however this grind higher, led by enthusiasm for a narrow cohort of companies, disguises a challenging landscape as markets continue to grapple with several crosscurrents beneath the surface. Companies have been navigating supply chain disruptions, higher commodity prices, and labour shortages. The Fund's holdings are generally weathering this situation quite well and many companies are reporting a strong demand picture for their products and services. The Delta variant of Covid-19, and subsequently the emergence of the Omicron variant towards the end of the period presented additional sources of uncertainty. In both instances markets initially took a step back as participants assessed their potential impact; these initial worries were however eventually brushed off, and equities closed out the year near their highs.

Performance

The Fund generated positive absolute returns but trailed the benchmark over the period. Higher quality companies, such as Microsoft and Keysight Technologies were amongst the top contributors to performance, along with homebuilders Lennar and Pulte Group which were beneficiaries of favourable supply and demand dynamics for US housing. CVS Health, a leading player in the US vaccine roll out effort, also did very well. On the negative side, our holdings in payments companies FIS and PayPal slipped as the market reconsidered the long-term growth dynamics in the

space, and copper miner Lundin Mining slipped on concerns over potential for increased taxes on its Chilean mines. On a relative basis, the Fund suffered from having too little exposure to the large cap technology companies and US banks.

Portfolio activity

In terms of positioning, we have maintained a degree of exposure to companies that are beneficiaries of inflation and reopening but have gradually been trimming this back. We have added higher quality companies that are beneficiaries of long-term secular tailwinds and trading below our estimates of long-term intrinsic value.

Outlook

Our outlook for equities remains cautiously constructive. We are cognisant that the impact and headline risk of the pandemic are likely to remain with us for some time and the clouds of supply chain issues, bottlenecks, and inflationary pressure are likely to take a while to dissipate. More recently central bankers have been signalling that the conditions to start withdrawing the unprecedented support could be on the horizon; this is likely to lead to an adjustment in interest rate expectations, and a period of recalibration in markets. This is weighed against a positive backdrop of strong employment levels, robust household and corporate balance sheets, and high underlying demand. Ultimately, we expect the positive fundamentals of the businesses in the portfolio to shine through.

23 February 2022

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2021 %	31 December 2020 %
United States	90.36	87.55
Japan	3.70	2.16
Taiwan	–	3.28
China	–	1.68
Ireland	–	1.35
Canada	–	2.04
Net other assets	5.94	1.94
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2021 %	31 December 2020 %
Software & Services	24.16	15.39
Technology Hardware & Equipment	15.55	5.63
Health Care Equipment & Services	13.06	17.95
Media & Entertainment	10.29	7.32
Consumer Durables & Apparel	13.86	11.06
Consumer Services	6.11	–
Diversified Financials	2.22	–
Transportation	2.12	–
Telecommunication Services	2.06	–
Capital Goods	1.81	–
Materials	1.44	7.49
Banks	1.38	4.59
Food Beverage & Tobacco	–	7.80
Retailing	–	5.87
Pharmaceuticals & Biotechnology	–	5.42
Semiconductors & Semiconductor Equipment	–	4.62
Household & Personal Products	–	2.03
Commercial & Professional Services	–	1.46
Insurance	–	1.36
Real Estate	–	0.07
Energy	–	–
Net other assets	5.94	1.94
Total net assets	100.00	100.00

Analysis, by investment	31 December 2021 %	31 December 2020 %
Equity Quoted	94.06	98.06
Unquoted equities	–	–
Warrants	–	–
Net other assets	5.94	1.94
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:

- **Concentration Risk:** concentration in a limited number of securities and industry sectors may result in more volatility than investing in broadly diversified funds.
- **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 will provide more details about all the risks for the Fund.

Portfolio Statement

as at 31 December 2021

Holdings	Description	Market Value £'000	% of Net Assets
United States			
Software & Services 24.16% (December 2020: 15.39%)			
20,274	Microsoft	5,034	7.42
26,900	Akamai Technologies	2,324	3.43
36,750	Alliance Data Systems	1,806	2.66
5,110	Accenture	1,564	2.31
19,900	AppLovin	1,385	2.04
12,900	PTC	1,154	1.70
13,380	Pegasystems	1,105	1.63
58,800	Zuora	811	1.20
1,470	ServiceNow	705	1.04
2,020	PayPal	281	0.41
36,034	Cvent Holding	217	0.32
229,449	SoftBrands*	–	–
88,000	Clarent*	–	–
		16,386	24.16
Technology Hardware & Equipment 15.55% (December 2020: 5.63%)			
54,750	Seagate Technology Holdings	4,567	6.73
90,000	Pure Storage	2,163	3.19
11,408	Keysight Technologies	1,739	2.56
20,300	NetApp	1,379	2.03
10,900	Trimble	702	1.04
		10,550	15.55
Health Care Equipment & Services 13.06% (December 2020: 17.95%)			
40,322	CVS Health	3,071	4.53
13,625	Cigna	2,310	3.41
14,080	Omniceil	1,876	2.77
6,000	Intuitive Surgical	1,592	2.35
		8,849	13.06
Media & Entertainment 10.29% (December 2020: 7.32%)			
1,620	Alphabet 'A' Shares	3,465	5.11
5,150	Netflix	2,291	3.38
16,000	ROBLOX	1,219	1.80
		6,975	10.29
Consumer Durables & Apparel 10.16% (December 2020: 8.90%)			
39,825	Lennar	3,415	5.04
53,345	PulteGroup	2,251	3.32
46,300	Peloton Interactive	1,222	1.80
		6,888	10.16

* Unquoted investments.

GAM North American Growth

Portfolio Statement

as at 31 December 2021

Holdings	Description	Market Value £'000	% of Net Assets
Consumer Services 6.11% (December 2020: 0.00%)			
10,100	Airbnb	1,241	1.83
5,670	McDonald's	1,122	1.65
12,800	Starbucks	1,105	1.63
29,800	Chegg	675	1.00
		4,143	6.11
Diversified Financials 2.22% (December 2020: 0.00%)			
8,080	Coinbase Global	1,506	2.22
		1,506	2.22
Transportation 2.12% (December 2020: 0.00%)			
3,830	FedEx	731	1.08
4,460	United Parcel Service	706	1.04
		1,437	2.12
Telecommunication Services 2.06% (December 2020: 0.00%)			
64,300	Frontier Communications Parent	1,400	2.06
		1,400	2.06
Capital Goods 1.81% (December 2020: 0.00%)			
27,000	Sensata Technologies	1,230	1.81
		1,230	1.81
Materials 1.44% (December 2020: 4.10%)			
31,700	Freeport-McMoRan	977	1.44
		977	1.44
Banks 1.38% (December 2020: 4.59%)			
21,033	Citigroup	938	1.38
		938	1.38
Energy 0.00% (December 2020: 0.00%)			
393	Battalion Oil Warrants Series 'A' Expiry date 08/10/2022**	–	–
492	Battalion Oil Warrants Series 'B' Expiry date 08/10/2022**	–	–
632	Battalion Oil Warrants Series 'C' Expiry date 08/10/2022**	–	–
Japan			
Consumer Durables & Apparel 3.70% (December 2020: 2.16%)			
26,892	Sony ADR	2,510	3.70
		2,510	3.70
Total Investments		63,789	94.06
Net other assets		4,031	5.94
Total net assets		67,820	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.

** Warrants.

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2021

Major purchases	Costs £'000	Major Sales	Proceeds £'000
Seagate Technology Holdings	3,769	Fiserv	4,860
Alphabet 'A' Shares	3,569	Nutrien	4,162
West Fraser Timber	3,316	Keysight Technologies	3,924
Freeport-McMoRan	3,120	Becton Dickinson	3,747
Microsoft	3,072	Citigroup	3,531
Alliance Data Systems	2,719	West Fraser Timber	3,513
Intel	2,571	Amazon.com	3,167
Frontier Communications Parent	2,413	Alphabet 'A' Shares	3,140
ConocoPhillips	2,409	ConocoPhillips	3,082
Darden Restaurants	2,290	Taiwan Semiconductor Manufacturing ADR	2,929
GoDaddy	2,279	Coca-Cola	2,845
Netflix	2,250	Microsoft	2,674
Peloton Interactive	2,230	GoDaddy	2,595
Akamai Technologies	2,173	Medtronic	2,511
McDonald's	2,157	Visa	2,511
Starbucks	2,133	Intel	2,494
PayPal	2,107	Alibaba ADR	2,474
Accenture	2,051	Electronic Arts	2,466
PTC	1,972	Fidelity National Information Services	2,465
Meta Platforms	1,753	Meta Platforms	2,433
Total purchases for the year	84,152	Total sales for the year	104,083

Statement of Total Return

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Income			
Net capital gains/(losses)	2	8,840	(4,313)
Revenue	3	780	1,347
Expenses	4	(738)	(900)
Interest payable and similar charges		(1)	–
Net revenue before taxation		41	447
Taxation	5	(81)	(161)
Net (expenses)/revenue after taxation		(40)	286
Total return before distribution		8,800	(4,027)
Distribution	6	(3)	(297)
Change in net assets attributable to shareholders from investment activities		8,797	(4,324)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2021

	2021 £'000	2020 £'000
Opening net assets attributable to shareholders	76,170	120,255
Amounts receivable on creation of shares	1,238	15,935
Less: Amounts payable on cancellation of shares	(18,385)	(55,839)
	(17,147)	(39,904)
Change in net assets attributable to shareholders from investment activities	8,797	(4,324)
Retained distribution on accumulation shares	–	143
Closing net assets attributable to shareholders	67,820	76,170

Balance Sheet

as at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets:			
Fixed Assets:			
Investments		63,789	74,696
Current assets:			
Debtors	7	108	108
Cash and bank balances	8	4,549	2,939
Total assets		68,446	77,743
Liabilities:			
Creditors:			
Distribution payable		–	(133)
Other creditors	9	(626)	(1,440)
Total other liabilities		(626)	(1,573)
Net Assets Attributable to Shareholders		67,820	76,170

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 2021 and 31 December 2020:

Valuation technique	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	63,789	–	74,696	–
Level 2	–	–	–	–
Level 3	–	–	–	–
Total investments at fair value	63,789	–	74,696	–

2. Net capital gains/(losses)

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

	2021 £'000	2020 £'000
Non-derivative securities	9,023	(4,198)
Forward foreign exchange currency contracts	2	2
Currency losses	(174)	(95)
Handling charges	(11)	(28)
Sundry charges	–	6
Net capital gains/(losses)	8,840	(4,313)

3. Revenue

	2021 £'000	2020 £'000
Overseas dividends	780	1,281
Property revenue from overseas REITs – non-taxable	–	9
Bank interest	–	3
Overseas scrip dividends non-taxable	–	54
Total revenue	780	1,347

Notes to the Financial Statements

4. Expenses

	2021 £'000	2020 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	668	854
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	14	17
Safekeeping charge	3	3
Other expenses:		
Audit fees	17	15
Other	36	11
Total expenses	738	900

5. Taxation

	2021 £'000	2020 £'000
a) Analysis of tax charge in the year:		
Overseas tax	81	161
Total current tax (note 5b)	81	161

b) Factors affecting current tax charge for the year:

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2020: 20%). The differences are explained below:

Net revenue before taxation	41	447
Corporation tax of 20% (2020: 20%)	8	89
Effects of:		
Revenue not subject to taxation	(158)	(270)
Movement in excess management expenses	150	181
Overseas tax	81	161
Current tax charge for year (note 5a)	81	161

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 £5,894,313 (2020: £5,744,256) 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:

	2021 £'000	2020 £'000
Final	–	276
Add: Revenue deducted on cancellation of shares	3	46
Deduct: Revenue received on creation of shares	–	(25)
Net distribution for the year	3	297
Reconciliation of net revenue after taxation to net distributions for the year		
Net (expenses)/revenue after taxation	(40)	286
Income deficit transfer to capital	43	11
Net distribution for the year	3	297

7. Debtors

	2021 £'000	2020 £'000
Amounts receivable for issue of shares	81	35
Accrued revenue	27	73
Total debtors	108	108

8. Cash and bank balances

	2021 £'000	2020 £'000
Cash and bank balances	4,549	2,938
Short term deposits	–	1
Total cash and bank balances	4,549	2,939

9. Creditors

	2021 £'000	2020 £'000
Purchases awaiting settlement	5	–
Amounts payable for cancellation of shares	326	1,040
Accrued expenses	295	400
Total creditors	626	1,440

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2021 Opening shares in issue	Issued	Redeemed	2021 Closing shares in issue
Income Shares	10,998	–	(419)	10,579
Accumulation Shares	75,494	1,059	(28,752)	47,801
R Class – Income Shares	93,450	–	(5,581)	87,869
R Class – Accumulation Shares	244,831	–	(45,937)	198,894
Institutional Class – Income Shares	1,290,574	13,386	(277,384)	1,026,576
Institutional Class – Accumulation Shares	1,324,337	28,330	(305,989)	1,046,678

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.

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 £54,192 (2020: £123,862). 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

The Fund has six share classes.

The ACD's periodic charge on each share class is 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 46 to 48.

The distribution per share class is given in the Distribution Table on pages 49 and 50. All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 31 December 2021, the Fund had no capital commitments (2020: £nil) and no contingent liabilities (2020: £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 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% (£6,378,860) (2020: £7,466,298).

(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 Fund had the following net currency exposure (excluding sterling):

	Currency exposure 2021 £'000	Currency exposure 2020 £'000
US dollar	64,138	76,139
	64,138	76,139

A 10% increase/decrease in the GBP exchange rate against all other currencies, assuming all other factors remained the same, would have a £6,850,470 decrease (2020: £6,921,772) and £7,535,517 increase (2020: £8,459,944) 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.

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 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	–
As at 31 December 2020	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	1,040	–
Accrued expenses	400	–
Distribution payable on income shares	–	133
Net assets attributable to shareholders	76,170	–
	77,610	133

(d) Redemption risk

The redemption risk for the Fund is the redemption of any shares that investors wish to sell. Large redemptions of shares 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 on the fund 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 2021 the Fund held cash deposits of £4,549,453 (2020: £2,929,698) with State Street Trustees Limited, £1 (2020: £874) 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 Fund 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 note 8 of the financial statements for each Fund.

The majority of the assets of the Fund 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.

Notes to the Financial Statements

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Equities	84,129	109,765	104,112	143,814
Trades in the year before transaction costs	84,129	109,765	104,112	143,814
Commissions				
Equities	23	28	(28)	(41)
Total commissions	23	28	(28)	(41)
Taxes				
Equities	–	–	(1)	(3)
Total taxes	–	–	(1)	(3)
Total costs	23	28	(29)	(44)
Total net trades in the year after transaction costs	84,152	109,793	104,083	143,770

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

	Purchases		Sales	
	2021 %	2020 %	2021 %	2020 %
Commissions				
Equities	0.03	0.03	(0.03)	(0.03)
Taxes				
Equities	–	–	–	–

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

	2021 %	2020 %
Commissions	0.07	0.08
Taxes	–	–
Total costs	0.07	0.08

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.04% (2020: 0.09%).

16. Events during the year

Ali Miremadi has resigned as Investment Adviser of GAM North American Growth. Kevin Kruczynski will continue as Investment Adviser.

2021 has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The ACD and the Investment Adviser are actively monitoring the situation. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance.

17. Events after the Balance Sheet date

On 23 February 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.

On 29 March 2022, the Authorised Corporate Director of the Fund approved the proposal to merge GAM North American Growth into GAM Disruptive Growth (formerly GAM Global Diversified). This operation is subject to FCA approval.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	2020 (p)	2019 (p)
Income Shares			
Change in net assets per share			
Opening net asset value per share	3,983.48	4,014.62	3,602.33
Return before operating charges*	558.54	28.52	476.27
Operating charges	(68.83)	(59.66)	(63.98)
Return after operating charges*	489.71	(31.14)	412.29
Distributions on income shares	–	–	–
Closing net asset value per share	4,473.19	3,983.48	4,014.62
* including direct transaction costs of:	3.09	3.00	0.66
Performance			
Return after charges	12.29%	(0.78%)	11.45%
Other information			
Closing net asset value (£'000)	473	438	7,551
Closing number of shares	10,579	10,998	188,086
Operating charges	1.61%	1.58%	1.58%
Direct transaction costs	0.07%	0.08%	0.02%
Prices			
Highest share price	4,588.75	4,107.87	4,475.05
Lowest share price	3,912.61	2,915.38	3,614.66
	2021 (p)	2020 (p)	2019 (p)
Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	4,967.32	5,006.21	4,492.10
Return before operating charges*	696.27	35.06	593.84
Operating charges	(85.60)	(73.95)	(79.73)
Return after operating charges*	610.67	(38.89)	514.11
Distributions on accumulation shares	–	–	–
Retained distributions on accumulation shares	–	–	–
Closing net asset value per share	5,577.99	4,967.32	5,006.21
* including direct transaction costs of:	3.85	3.73	0.82
Performance			
Return after charges	12.29%	(0.78%)	11.44%
Other information			
Closing net asset value (£'000)	2,666	3,750	18,089
Closing number of shares	47,801	75,494	361,321
Operating charges	1.61%	1.58%	1.58%
Direct transaction costs	0.07%	0.08%	0.02%
Prices			
Highest share price	5,722.08	5,122.49	5,580.36
Lowest share price	4,878.95	3,635.42	4,507.46

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	2020 (p)
R Class – Income Shares⁽¹⁾		
Change in net assets per share		
Opening net asset value per share	992.10	1,000.00
Return before operating charges*	139.46	4.89
Operating charges	(10.79)	(8.42)
Return after operating charges*	128.67	(3.53)
Distributions on income shares	–	(4.37)
Closing net asset value per share	1,120.77	992.10
* including direct transaction costs of:	0.77	0.22
Performance		
Return after charges	12.97%	(0.35%)
Other information		
Closing net asset value (£'000)	985	927
Closing number of shares	87,869	93,450
Operating charges	1.01%	0.97%
Direct transaction costs	0.07%	0.08%
Prices		
Highest share price	1,148.79	1,029.01
Lowest share price	975.45	736.55
	2021 (p)	2020 (p)
R Class – Accumulation Shares⁽²⁾		
Change in net assets per share		
Opening net asset value per share	1,011.07	1,000.00
Return before operating charges*	142.12	19.01
Operating charges	(10.99)	(7.94)
Return after operating charges*	131.13	11.07
Distributions on accumulation shares	–	(4.01)
Retained distributions on accumulation shares	–	4.01
Closing net asset value per share	1,142.20	1,011.07
* including direct transaction costs of:	0.79	2.49
Performance		
Return after charges	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	1.01%	0.98%
Direct transaction costs	0.07%	0.26%
Prices		
Highest share price	1,170.77	1,020.41
Lowest share price	994.11	725.91

⁽¹⁾ Share class launched on 24 January 2020.

⁽²⁾ Share class launched on 24 February 2020.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	2020 (p)	2019 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	2,598.15	2,612.87	2,335.68
Return before operating charges*	365.20	19.06	308.84
Operating charges	(28.23)	(23.77)	(25.83)
Return after operating charges*	336.97	(4.71)	283.01
Distributions on income shares	–	(10.01)	(5.82)
Closing net asset value per share	2,935.12	2,598.15	2,612.87
* including direct transaction costs of:	2.02	1.94	0.43
Performance			
Return after charges	12.97%	(0.18%)	12.12%
Other information			
Closing net asset value (£'000)	30,131	33,531	39,475
Closing number of shares	1,026,576	1,290,574	1,510,808
Operating charges	1.01%	0.98%	0.98%
Direct transaction costs	0.07%	0.08%	0.02%
Prices			
Highest share price	3,008.51	2,674.30	2,911.60
Lowest share price	2,554.57	1,900.02	2,343.78
	2021 (p)	2020 (p)	2019 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	2,646.44	2,651.22	2,364.73
Return before operating charges*	371.99	19.38	312.59
Operating charges	(28.76)	(24.16)	(26.10)
Return after operating charges*	343.23	(4.78)	286.49
Distributions on accumulation shares	–	(10.04)	(5.86)
Retained distributions on accumulation shares	–	10.04	5.86
Closing net asset value per share	2,989.67	2,646.44	2,651.22
* including direct transaction costs of:	2.06	1.97	0.43
Performance			
Return after charges	12.97%	(0.18%)	12.12%
Other information			
Closing net asset value (£'000)	31,293	35,048	55,140
Closing number of shares	1,046,678	1,324,337	2,079,781
Operating charges	1.01%	0.98%	0.98%
Direct transaction costs	0.07%	0.08%	0.02%
Prices			
Highest share price	3,064.43	2,713.56	2,947.81
Lowest share price	2,602.05	1,927.91	2,372.94

Distribution Tables

Distribution in pence and cents per share

Group 1 Final Shares purchased prior to 1 January 2021

Group 2 Final Shares purchased on or between 1 January 2021 and 31 December 2021

Income Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	–
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	–

Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	–
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	–

R Class – Income Shares⁽¹⁾

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	4.3700
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	4.3700

⁽¹⁾ Share class launched on 24 January 2020.

R Class – Accumulation Shares⁽²⁾

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	4.0100
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	4.0100

⁽²⁾ Share class launched on 24 February 2020.

Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	10.0100
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	10.0100

Distribution Tables

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	10.0400
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	10.0400

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 2021

	2021		2020	
	£'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 equalisation		–		–
Equalisation		–		–
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 2021

	2021		2020	
	£'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 2021

	2021 £'000	2020 £'000
Assets:		
Current assets:		
Cash and bank balances	12	138
Total assets	12	138
Liabilities:		
Creditors:		
Distribution payable	–	–
Other creditors	(12)	(138)
Total other liabilities	(12)	(138)
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.

Commentary (unaudited)

Macro Backdrop

The income from our securities drove the performance of the Fund during the year. As such the Fund had a good performance in 2021. This is despite the increase in volatility we observe on rates. For instance, 10-year Gilts went up from 0.20% to 0.97%. The increase in interest rates has not been a significant concern for the Fund, as it is positioned to have low sensitivity to interest rates, notably through the exposure to fixed-to-floaters and floating rate notes. Moreover, subordinated debt, especially subordinated debt issued by the financial sector, tends to benefit from a rising rate environment. This is because the profitability of financials increases as interest rates rise, and this should lead to tighter spreads for the securities held within the Fund. This is exactly what we saw during 2021. Therefore, the Fund performed well once again during a period of rising interest rates. Moreover, valuations of the securities we hold still remain attractive, despite strong fundamentals. We are capturing spreads of close to 340 bps, highlighting the attractiveness of our asset class. As such we saw some spread tightening as interest rates have been going up. We continued seeing positive developments on legacy securities, with a number of securities being called or tendered at premiums to market levels. We expect similar outcomes on other legacy securities going forward.

Bank earnings were strong during the year and demonstrated once again the resilience of European financials. This was one of the strongest earnings years we have seen in the last decade, as indicated by liquidity and solvency ratios of European banks, which are close to all-time highs, despite the real-life stress test of the Covid-19 pandemic.

Credit Quality

Our credit quality was strong and getting stronger as indicated by average rating of bonds that increased to BB+ and BBB+ for issuers. We have seen capital and excess capital increase compared to pre-Covid.

Income

The Fund captured an income of 4.57% in 2021. This is extremely attractive, especially when comparing to the 5-year Gilt which is currently at 0.82%.

Performance

The institutional share class was up 4.27% during 2021, having captured 4.57% income, which means that after taking fees into consideration, prices of the bonds were slightly lower. Prices of our securities stayed relatively stable despite the increase in interest rates. This reflects the Fund's low sensitivity to interest rates, which we had already observed in previous periods of rising interest rates. Moreover, this also demonstrates the strength of the companies we hold, as we have seen financials become safer despite the real-life stress test of the Covid-19 pandemic.

Positioning

There were no major changes were conducted, and the Fund remains extremely robust as well positioned in term 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, nine out of the top 10 holdings per issuer are the same as those held in December 2020. 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 and our positioning has stayed relatively similar and can be best described as follows: 9.82% in senior unsecured, 7.69% in corporate hybrids, 24.12% in Tier 2 bonds, 6.77% in restricted tier 1 bonds (RT1) (Tier 1 subordinated debt from insurers under Solvency 2), 23.27% in additional tier 1 bonds (AT1) (Tier 1 subordinated debt from banks under Basel III) and cash at 15.32%.

Asset type: positioning has not changed significantly and can be best described as follows: 38.06% in fixed-to-floater perpetual, 21.12% in fixed perpetual, 13.45% in fixed-to-floater bonds, 10.53% in fixed-dated bonds, 1.33% in undated floating-rate notes (FRNs) and cash at 15.32%. 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 allowing us to produce positive returns during downturns in bond markets, and to now again be positive in the first half of 2021 as rates have increased significantly during that period. 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 2020 we maintained our positioning of more than 74% within financials, where banks and insurances represent the larger proportion with 50.80% and 16.02% respectively. When the pandemic broke out we quickly sensed that unlike in 2008 when the financial sector was the weakest, this time it was likely from a bond holder point of view to be the most robust sector, partly due to the reassurance of the stress tests regulators had been imposing each year on the sector (to survive a crisis two times worse than 2008), as well as governments turning to the banks for help and central banks providing liquidity to economies; and that the corporate sector was where greater caution would be required. Our 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 spreads of around 340 bps, valuations of our securities remain attractive, especially considering the strong fundamentals of our credits. Therefore, they should benefit going forward.

Liquidity

The market liquidity remains extremely 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 (126 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

Our outlook is constructive, as we would expect to get close to 5.00% income that the Fund should capture in 2022 to be complemented by price appreciation.

Environmental, Social and Governance (ESG)

We integrate 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 and adding sectors most vulnerable to climate change 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.

23 February 2022

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2021 %	31 December 2020 %
Ireland	100.10	100.30
Net other liabilities	(0.10)	(0.30)
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2021 %	31 December 2020 %
Collective Investment Schemes	100.10	100.30
Net other liabilities	(0.10)	(0.30)
Total net assets	100.00	100.00

Analysis, by investment	31 December 2021 %	31 December 2020 %
Equity Fund	100.10	100.30
Net other liabilities	(0.10)	(0.30)
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 will provide more details about all the risks for the Fund.

Portfolio Statement

as at 31 December 2021

Holdings	Description	Market Value £'000	% of Net Assets
Collective Investment Schemes 100.10% (December 2020: 100.30%)			
7,977,260	GAM Star Credit Opportunities Fund GBP QZ II Acc †*	85,079	100.10
		85,079	100.10
	Total Investments	85,079	100.10
	Net other liabilities	(82)	(0.10)
	Total net assets	84,997	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 2021

Total Purchases	Cost £'000
GAM Star Credit Opportunities Fund GBP QZ II Acc	48,472
Total purchases for the year	48,472

Total Sales	Proceeds £'000
GAM Star Credit Opportunities Fund GBP QZ II Acc	14,187
Total sales for the year	14,187

Statement of Total Return

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Income			
Net capital gains/(losses)	2	531	(131)
Revenue	3	2,125	3,215
Expenses	4	(562)	(344)
Net revenue before taxation		1,563	2,871
Taxation	5	–	–
Net revenue after taxation		1,563	2,871
Total return before distribution		2,094	2,740
Distribution	6	(1,608)	(2,871)
Change in net assets attributable to shareholders from investment activities		486	(131)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2021

	2021 £'000	2020 £'000
Opening net assets attributable to shareholders	47,973	26,842
Amounts receivable on creation of shares	47,695	38,246
Less: Amounts payable on cancellation of shares	(13,205)	(19,897)
	34,490	18,349
Change in net assets attributable to shareholders from investment activities	486	(131)
Retained distribution on accumulation shares	2,048	2,913
Closing net assets attributable to shareholders	84,997	47,973

GAM Credit Opportunities (GBP)

Balance Sheet

as at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets:			
Fixed Assets:			
Investments		85,079	48,117
Current assets:			
Debtors	7	172	249
Cash and bank balances	8	18	44
Total assets		85,269	48,410
Liabilities:			
Creditors:			
Distribution payable		(124)	(41)
Other creditors	9	(148)	(396)
Total other liabilities		(272)	(437)
Net Assets Attributable to Shareholders		84,997	47,973

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 2021 and 31 December 2020:

Valuation technique	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	–	–	–	–
Level 2	85,079	–	48,117	–
Level 3	–	–	–	–
Total investments at fair value	85,079	–	48,117	–

2. Net capital gains/(losses)

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

	2021 £'000	2020 £'000
Non-derivative securities	553	(114)
Handling charges	(22)	(17)
Net capital gains/(losses)	531	(131)

3. Revenue

	2021 £'000	2020 £'000
Offshore distribution taxable from Collective Investment Schemes	2,125	3,215
Total revenue	2,125	3,215

Notes to the Financial Statements

4. Expenses

	2021 £'000	2020 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	542	333
Capped OCF rebate	(15)	(17)
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	11	7
Other expenses:		
Audit fees	24	21
Total expenses	562	344

5. Taxation

	2021 £'000	2020 £'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 (2020: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2020: 20%). The differences are explained below:

Net revenue before taxation	1,563	2,871
Corporation tax of 20% (2020: 20%)	313	574
Effects of:		
Tax deductible interest distributions	(313)	(574)
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:

	2021 £'000	2020 £'000
Final	2,322	2,954
Add: Revenue deducted on cancellation of shares	152	252
Deduct: Revenue received on creation of shares	(866)	(335)
Net distribution for the year	1,608	2,871

7. Debtors

	2021 £'000	2020 £'000
Sales awaiting settlement	11	10
Amounts receivable for issue of shares	146	222
Reimbursement for capped expenses	15	17
Total debtors	172	249

Notes to the Financial Statements

8. Cash and bank balances

	2021 £'000	2020 £'000
Cash and bank balances	18	44
Total cash and bank balances	18	44

9. Creditors

	2021 £'000	2020 £'000
Purchases awaiting settlement	55	220
Amounts payable for cancellation of shares	12	87
Accrued expenses	81	89
Total creditors	148	396

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2021 Opening shares in issue	Issued	Redeemed	2021 Closing shares in issue
Z Class – Income Shares	–	852,011	(52)	851,959
Z Class – Accumulation Shares	1,752,209	467,199	(156,437)	2,062,971
Institutional Class – Income Shares	64,367	83,139	(25,024)	122,482
Institutional Class – Accumulation Shares	2,367,362	2,739,171	(939,380)	4,167,153

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 £60,619 (2020: £70,484). The charge for the year is disclosed in Note 4.

Included in the investment portfolio is a holding of 7,977,260 units in GAM Star Credit Opportunities Fund GBP QZ II Accumulation Class of the Master Fund with a market value of £85,079,078.

As at 31 December 2021, no shareholder (2020: 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 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 68 and 69.

The distribution per share class is given in the Distribution Table on page 70.

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 £531,433 (2020: £374,863). The latest annual report of the Master Fund is available on www.gam.com.

14. Capital commitments and contingent liabilities

On 31 December 2021, the Fund had no capital commitments (2020: £nil) and no contingent liabilities (2020: £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 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% (£8,499,717) (2020: £4,797,280).

(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 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
As at 31 December 2020	<1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	87	–
Purchases awaiting settlement	220	–
Accrued expenses	89	–
Distribution payable on income shares	–	41
Net assets attributable to shareholders	47,973	–
	48,369	41

(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 on the master fund 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 2021 the Fund held cash deposits of £18,416 (2020: £44,253) 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 note 8 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 2021 (2020: £nil).

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (2020: nil).

17. Events during the year

2021 has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The ACD and the Delegate Investment Adviser are actively monitoring the situation. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance.

18. Events after the Balance Sheet date

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.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	
Z Class – Income Shares⁽¹⁾		
Change in net assets per share		
Opening net asset value per share	1,000.00	
Return before operating charges*	27.59	
Operating charges	(9.33)	
Return after operating charges*	18.26	
Distributions on income shares	(10.60)	
Closing net asset value per share	1,007.66	
* including direct transaction costs of:	–	
Performance		
Return after charges	1.83%	
Other information		
Closing net asset value (£'000)	8,585	
Closing number of shares	851,959	
Operating charges	0.98%	
Direct transaction costs	–%	
Prices		
Highest share price	1,038.51	
Lowest share price	998.76	
	2021 (p)	2020 (p)
Z Class – Accumulation Shares⁽²⁾		
Change in net assets per share		
Opening net asset value per share	1,102.83	1,000.00
Return before operating charges*	60.55	109.38
Operating charges	(11.16)	(6.55)
Return after operating charges*	49.39	102.83
Distributions on accumulation shares	(32.94)	(71.86)
Retained distributions on accumulation shares	32.94	71.86
Closing net asset value per share	1,152.22	1,102.83
* including direct transaction costs of:	–	–
Performance		
Return after charges	4.48%	10.28%
Other information		
Closing net asset value (£'000)	23,770	19,324
Closing number of shares	2,062,971	1,752,209
Operating charges	0.98%	0.97%
Direct transaction costs	–%	–%
Prices		
Highest share price	1,163.19	1,102.83
Lowest share price	1,103.22	1,000.00

⁽¹⁾ Share class launched on 27 January 2021.

⁽²⁾ Share class launched on 16 June 2020.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	2020 (p)	2019 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	987.47	1,007.37	922.57
Return before operating charges*	54.32	55.03	138.52
Operating charges	(12.06)	(11.60)	(11.26)
Return after operating charges*	42.26	43.43	127.26
Distributions on income shares	(27.53)	(63.33)	(42.46)
Closing net asset value per share	1,002.20	987.47	1,007.37
* including direct transaction costs of:	–	–	–
Performance			
Return after charges	4.28%	4.31%	13.79%
Other information			
Closing net asset value (£'000)	1,228	636	963
Closing number of shares	122,482	64,367	95,560
Operating charges	1.18%	1.18%	1.15%
Direct transaction costs	–%	–%	–%
Prices			
Highest share price	1,040.15	1,050.81	1,049.83
Lowest share price	991.01	776.71	921.55
	2021 (p)	2020 (p)	2019 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,183.31	1,134.42	996.99
Return before operating charges*	64.95	61.97	149.75
Operating charges	(14.46)	(13.08)	(12.32)
Return after operating charges*	50.49	48.89	137.43
Distributions on accumulation shares	(32.85)	(69.86)	(45.93)
Retained distributions on accumulation shares	32.85	69.86	45.93
Closing net asset value per share	1,233.80	1,183.31	1,134.42
* including direct transaction costs of:	–	–	–
Performance			
Return after charges	4.27%	4.31%	13.78%
Other information			
Closing net asset value (£'000)	51,414	28,013	25,879
Closing number of shares	4,167,153	2,367,362	2,281,265
Operating charges	1.18%	1.18%	1.15%
Direct transaction costs	–%	–%	–%
Prices			
Highest share price	1,246.33	1,183.31	1,134.42
Lowest share price	1,183.66	874.62	995.89

Distribution Tables

Distribution in pence and cents per share

Group 1 Final Shares purchased prior to 1 January 2021

Group 2 Final Shares purchased on or between 1 January 2021 and 31 December 2021

Z Class – Income Shares⁽¹⁾

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	10.6000	–	10.6000	–
Group 2	(p)	(p)	(p)	(p)
Final	–	10.6000	10.6000	–

⁽¹⁾ Share class launched on 27 January 2021.

Z Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	32.9400	–	32.9400	71.8600
Group 2	(p)	(p)	(p)	(p)
Final	15.5100	17.4300	32.9400	71.8600

Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	27.5300	–	27.5300	63.3300
Group 2	(p)	(p)	(p)	(p)
Final	9.6700	17.8600	27.5300	63.3300

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	32.8500	–	32.8500	69.8600
Group 2	(p)	(p)	(p)	(p)
Final	5.4700	27.3800	32.8500	69.8600

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

Overall, 2021 was a positive year for European equities as indices made new highs despite the extreme challenges posed by supply chain disruptions, higher commodity prices, and labour shortages. The sharp decline in the market caused by these issues at the start of the year was more than offset by a strong cyclical rebound in corporate earnings and a significant pick-up in M&A activity. The Delta variant of Covid-19, and subsequently the emergence of the Omicron variant towards the end of the year presented additional sources of uncertainty. In both instances markets initially took a step back as participants assessed their potential impact; these initial worries were however eventually brushed off, and equities closed out the year near their highs.

Performance

The Fund returned 27.5% during the year, outperforming its benchmark by 3.0%. Higher quality companies, such as Novo Nordisk and Straumann Holding were amongst the top contributors to performance, along with the Kingspan Group and ASM International, which were all beneficiaries of strong earnings growth throughout the year. On the negative side, our holdings in Ryanair became a detractor as the company was negatively affected by the restrictions surrounding the pandemic, as well as delisting from the London Stock Exchange. Our positions in Zalando also detracted from the fund's performance as the company reported a slump in profits following supply chain issues and unprofitable marketing spending.

Portfolio activity

Throughout the year, we gradually reduced our exposure to IT and consumer discretionary, while gradually increasing our exposure to energy, utilities, financials, materials, and cheap industrials. We believe that the companies which are exposed to the key structural trends and who are also exposed to the key changes that will happen in this new regime will be able to prosper in this very different and more volatile environment.

Outlook

We are confident that as we cycle through 2022 more of Europe will join England, the US and Australia in accepting that Covid-19 is now endemic and no longer a serious threat to public health; this should be positive for economies and markets allowing for a more sustained economic rebound. The key risks to economies and markets in our view, is the more serious emergence of inflation and rising energy costs as well as potential 'bumps' from China; the fact that China and certain other Asian countries are still following a 'zero Covid' strategy – that will not work longer-term – is a potential additional risk to the global economy in 2022. Outright valuation versus history is not particularly cheap for our asset class as we start 2022. However, we see a solid runway for continued earnings growth and note the relative cheapness of European equities versus comparable asset classes. As such, we remain positive on the potential for further appreciation.

23 February 2022

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2021 %	31 December 2020 %
Ireland	99.72	100.07
Net other assets/(liabilities)	0.28	(0.07)
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2021 %	31 December 2020 %
Collective Investment Schemes	99.72	100.07
Net other assets/(liabilities)	0.28	(0.07)
Total net assets	100.00	100.00

Analysis, by investment	31 December 2021 %	31 December 2020 %
Equity Funds	99.72	100.07
Net other assets/(liabilities)	0.28	(0.07)
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:

- **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 will provide more details about all the risks for the Fund.

Portfolio Statement

as at 31 December 2021

Holdings	Description	Market Value £'000	% of Net Assets
Collective Investment Schemes 99.72% (December 2020: 100.07%)			
388,111	GAM Star Continental European Equity Fund GBP Z Acc †*	5,635	99.72
		5,635	99.72
	Total Investments	5,635	99.72
	Net other liabilities	16	0.28
	Total net assets	5,651	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 Continental European Equity

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2021

Total Purchases	Cost £'000
GAM Star Continental European Equity Fund GBP Z Acc	3,100
Total purchases for the year	3,100

Total Sales	Proceeds £'000
GAM Star Continental European Equity Fund GBP Z Acc	22,692
Total sales for the year	22,692

Statement of Total Return

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Income			
Net capital gains	2	1,925	5,253
Revenue	3	109	284
Expenses	4	(83)	(193)
Net revenue before taxation		26	91
Taxation	5	–	–
Net revenue after taxation		26	91
Total return before distribution		1,951	5,344
Distribution	6	(26)	(91)
Change in net assets attributable to shareholders from investment activities		1,925	5,253

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2021

	2021 £'000	2020 £'000
Opening net assets attributable to shareholders	23,280	25,522
Amounts receivable on creation of shares	2,985	5,945
Less: Amounts payable on cancellation of shares	(22,552)	(13,511)
	(19,567)	(7,566)
Change in net assets attributable to shareholders from investment activities	1,925	5,253
Retained distribution on accumulation shares	13	71
Closing net assets attributable to shareholders	5,651	23,280

GAM Continental European Equity

Balance Sheet

as at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets:			
Fixed Assets:			
Investments		5,635	23,297
Current assets:			
Debtors	7	20	347
Cash and bank balances	8	12	20
Total assets		5,667	23,664
Liabilities:			
Creditors:			
Other creditors	9	(16)	(384)
Total other liabilities		(16)	(384)
Net Assets Attributable to Shareholders		5,651	23,280

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 2021 and 31 December 2020:

Valuation technique	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	–	–	–	–
Level 2	5,635	–	23,297	–
Level 3	–	–	–	–
Total investments at fair value	5,635	–	23,297	–

2. Net capital gains

The net capital gains during the year comprise:

	2021 £'000	2020 £'000
Non-derivative securities	1,930	5,258
Handling charges	(3)	(5)
Breach Compensation	(2)	–
Net capital gains	1,925	5,253

3. Revenue

	2021 £'000	2020 £'000
Offshore distribution non-taxable from Collective Investment Schemes	109	284
Total revenue	109	284

Notes to the Financial Statements

4. Expenses

	2021 £'000	2020 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	77	180
Capped OCF rebate	(5)	(11)
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	2	5
Other expenses:		
Audit fees	9	19
Total expenses	83	193

5. Taxation

	2021 £'000	2020 £'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 (2020: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2020: 20%). The differences are explained below:

Net revenue before taxation	26	91
Corporation tax of 20% (2020: 20%)	5	18
Effects of:		
Overseas non-taxable revenue	(22)	(57)
Movement in excess management expenses	17	39
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.

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 £109,821 (2020: £93,261) relating to surplus management expenses. It was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

6. Distribution

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

	2021 £'000	2020 £'000
Final	13	70
Add: Revenue deducted on cancellation of shares	24	35
Deduct: Revenue received on creation of shares	(11)	(14)
Net distribution for the year	26	91

Notes to the Financial Statements

7. Debtors

	2021 £'000	2020 £'000
Sales awaiting settlement	–	326
Amounts receivable for issue of shares	15	10
Reimbursement for capped expenses	5	11
Total debtors	20	347

8. Cash and bank balances

	2021 £'000	2020 £'000
Cash and bank balances	12	20
Total cash and bank balances	12	20

9. Creditors

	2021 £'000	2020 £'000
Purchases awaiting settlement	10	10
Amounts payable for cancellation of shares	1	325
Accrued expenses	5	49
Total creditors	16	384

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2021 Opening shares in issue	Issued	Redeemed	2021 Closing shares in issue
Institutional Class – Accumulation Shares	1,864,727	210,163	(1,696,278)	378,612

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 Niall Gallagher & Christopher Sellers of GAM International Management Limited invests primarily in GAM Star Continental European Equity (the Master Fund) which is also managed by Niall Gallagher & Christopher Sellers of GAM International Management Limited.

At the year end accrued expenses included amounts owing to the ACD of £3,427 (2020: £33,064). The charge for the year is disclosed in Note 4.

Included in the investment portfolio is a holding of 388,111 units in GAM Star Continental European Equity Fund GBP Z Accumulation Class of the Master Fund with a market value of £5,635,000. Revenue from this holding is shown in note 3. As at 31 December 2021 total revenue earned amounts to £109,031.

As at 31 December 2021, three shareholders (2020: 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.

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 82.

The distribution per share class is given in the Distribution Table on page 83.

13. Feeder Fund

The aggregate charges of GAM Continental European Equity and GAM Star Continental European Equity GBP Z Accumulation are £93,701 (2020: £211,443). The latest annual report of the Master Fund is available on www.gam.com.

14. Capital commitments and contingent liabilities

On 31 December 2021, the Fund had no capital commitments (2020: £nil) and no contingent liabilities (2020: £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 Fund 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% (£563,472) (2020: £2,329,701).

(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 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	–
As at 31 December 2020	< 1 month £'000	1-3 months £'000
Amounts payable on forward contracts	325	–
Purchases awaiting settlement	10	–
Accrued expenses	49	–
Net assets attributable to shareholders	23,280	–
	23,664	–

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 on the master fund 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 2021 the Fund held cash deposits of £11,640 (2020: £19,665) 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 Collective Investment Schemes 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.

16. Portfolio transaction costs

There were no transactions costs incurred during the year to 31 December 2021 (2020: £nil).

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (2020: nil).

17. Events during the year

On 31 October 2021 Christopher Sellers was appointed as Investment Adviser with Niall Gallagher who will continue as Investment Adviser of the Fund.

2021 has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The ACD and the Investment Adviser are actively monitoring the situation. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance.

18. Events after the Balance Sheet date

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 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.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	2020 (p)	2019 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,248.41	1,035.16	828.80
Return before operating charges*	254.96	222.47	215.38
Operating charges	(10.79)	(9.22)	(9.02)
Return after operating charges*	244.17	213.25	206.36
Distributions on accumulation shares	(3.45)	(3.78)	(12.63)
Retained distributions on accumulation shares	3.45	3.78	12.63
Closing net asset value per share	1,492.58	1,248.41	1,035.16
* including direct transaction costs of:	–	–	–
Performance			
Return after charges	19.56%	20.60%	24.90%
Other information			
Closing net asset value (£'000)	5,651	23,280	25,522
Closing number of shares	378,612	1,864,727	2,465,502
Operating charges	0.81%	0.87%	0.93%
Direct transaction costs	–%	–%	–%
Prices			
Highest share price	1,544.67	1,276.20	1,051.86
Lowest share price	1,223.18	784.26	822.13

Distribution Tables

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2021

Group 2 Final Shares purchased on or between 1 January 2021 and 31 December 2021

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	3.4518	–	3.4518	3.7800
Group 2	(p)	(p)	(p)	(p)
Final	–	3.4518	3.4518	3.7800

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

January saw a continuation of the strong performance that emerging markets experienced in the second half of 2020. We saw this as an opportunity to reduce our holdings in some areas of the market where we saw unreasonably high valuations, notably in the so-called 'concept growth' space. The market peaked in February with a strong sector rotation into more value-oriented names. In July, the market's focus turned to China where the governments regulatory stance, aimed broadly at creating 'common prosperity', had a heavier impact on sectors such as education than previously assumed, turning sentiment more negative. This, coupled with a growth slowdown, meant China (MSCI China Index) ended the year -22% and dragged down the overall performance of the Index.

Our philosophy and resulting investment modelling led us to a pro-cyclical stance in the second half of 2021. In retrospect, this was too early and was heavily challenged by extended disruption caused by Covid-19 variants and the unprecedented pace of China's "cyclical adjustment and industry re-alignments". This subsequent pullback has provided good opportunities to add exposure in quality names in both value and "growth at reasonable price" (GARP) camps. Attractively priced fundamentals and abating headwinds across a number of areas, (including China, which has now made a clear signal to shift to expansionary stance), should be highly supportive to the Fund's performance ahead. In line with our often-counter cyclical approach, we tend to bounce back quickly following these exogenous factors as Emerging Market (EM) portfolio de-ratings reverse with a less negative backdrop emerging and we are "in early and well positioned". We believe we are in such a position presently with good exposure to the most attractively priced value, GARP and yield opportunities. We have also maintained our liquid, Environmental, social and Governance (ESG) aware and investment grade (IG) bias at both country and stock level.

Performance

The Fund generated negative returns and underperformed the benchmark over the period. The Fund saw a positive contribution from Taiwan Semiconductors, MediaTek, and Lynas Rare Earths, which were all able to benefit from a significant increase in demand and the ability to pass-on increasing costs to consumers. This made the companies well-positioned to benefit from substantial revenue growth as a result of pent-up demand caused by the pandemic. The biggest detractors from the Fund's performance were Alibaba following regulatory and policy setbacks, as well as Samsung Electronics, which has been seeing a slowdown in sales as a result of the pandemic.

Outlook

We are constructive on the outlook for EM equity into the first quarter of 2022 and feel that portfolio is set to benefit from a reversal of the tumultuous headwinds that buffeted the asset class in 2021. The current attractive emerging equity risk return profile is underpinned by EM valuations which are heavily discounted, both relative to history and to their developed markets counterparts, especially post the recent fourth quarter 2021 sell off. As these well documented headwinds ease (see points below), we believe we are seeing an inflection point, setting the scene for a strong absolute and relative EM equity 2022 re-rating.

Style-wise, we anticipated an early re-rating in valuations for the value of the market, as well as GARP sectors (ie not concept growth) due to their positive Free Cash Flow (FCF) surprises. This proved too early on the value side, but as pandemic fears alleviate (as initial analysis of the Omicron variant of Covid-19 indicates that it is a dominant strain, but predominantly benign in those vaccinated or herd immunised), the normalisation trade should remerge (shipping and semiconductors are already firming in January 2022). Value sectors should support a strong year-on-year rebound in global GDP recovery, post pandemic. In short, we believe we were early and suffered a modest underperformance. We are maintaining that positioning and are seeing early positive incipient signs of a sustained economic rebound in 2022 over 2021.

23 February 2022

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2021 %	31 December 2020 %
Luxembourg	99.93	98.33
Net other assets	0.07	1.67
Total net assets	100.00	100.00
Analysis, by industry sector	31 December 2021 %	31 December 2020 %
Collective Investment Schemes	99.93	98.33
Net other assets	0.07	1.67
Total net assets	100.00	100.00
Analysis, by investment	31 December 2021 %	31 December 2020 %
Equity Fund	99.93	98.33
Net other assets	0.07	1.67
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.
- **Leverage Risk:** derivatives may multiply the exposure to underlying assets and expose the Fund to the risk of substantial losses.
- **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.
- **Market Risk/Emerging Markets:** emerging markets will generally be subject to greater political, market, counterparty and operational risks.

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

Portfolio Statement

as at 31 December 2021

Holdings	Description	Market Value £'000	% of Net Assets
Collective Investment Schemes 99.93% (December 2020: 98.33%)			
12,106	GAM MultiStock – Emerging Markets Equity GBP Ia1†*	1,413	99.93
		1,413	99.93
	Total Investments	1,413	99.93
	Net other assets	1	0.07
	Total net assets	1,414	100.00

All investments are Collective Investment Schemes unless otherwise stated.

† A related party to the fund.

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

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2021

Total Purchases	Cost £'000	Total Sales	Proceeds £'000
GAM MultiStock – Emerging Markets Equity GBP Ia1	1,069	GAM MultiStock – Emerging Markets Equity GBP Ia1	2,627
Total purchases for the year	1,069	Total sales for the year	2,627

Statement of Total Return

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Income			
Net capital (losses)/gains	2	(109)	415
Revenue	3	50	40
Expenses	4	(27)	(30)
Net revenue before taxation		23	10
Taxation	5	–	–
Net revenue after taxation		23	10
Total return before distribution		(86)	425
Distribution	6	(23)	(10)
Change in net assets attributable to shareholders from investment activities		(109)	415

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2021

	2021 £'000	2020 £'000
Opening net assets attributable to shareholders	3,108	3,258
Amounts receivable on creation of shares	1,363	1,040
Less: Amounts payable on cancellation of shares	(2,970)	(1,617)
	(1,607)	(577)
Change in net assets attributable to shareholders from investment activities	(109)	415
Retained distribution on accumulation shares	22	12
Closing net assets attributable to shareholders	1,414	3,108

Balance Sheet

as at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets:			
Fixed Assets:			
Investments		1,413	3,056
Current assets:			
Debtors	7	–	10
Cash and bank balances	8	1	43
Total assets		1,414	3,109
Liabilities:			
Creditors:			
Other creditors	9	–	(1)
Total other liabilities		–	(1)
Net Assets Attributable to Shareholders		1,414	3,108

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 2021 and 31 December 2020:

Valuation technique	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	–	–	–	–
Level 2	1,413	–	3,056	–
Level 3	–	–	–	–
Total investments at fair value	1,413	–	3,056	–

2. Net capital (losses)/gains

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

	2021 £'000	2020 £'000
Non-derivative securities	(108)	416
Handling charges	(1)	(1)
Net capital (losses)/gains	(109)	415

3. Revenue

	2021 £'000	2020 £'000
Offshore distribution non-taxable from Collective Investment Schemes	50	40
Total revenue	50	40

4. Expenses

	2021 £'000	2020 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	27	30
Capped OCF rebate	(14)	(9)
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	1	1
Other expenses:		
Audit fees	13	8
Total expenses	27	30

Notes to the Financial Statements

5. Taxation

	2021 £'000	2020 £'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 (2020: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2020: 20%). The differences are explained below:

Net revenue before taxation	23	10
Corporation tax of 20% (2020: 20%)	5	2
Effects of:		
Overseas non-taxable revenue	(10)	(8)
Movement in excess management expenses	5	6
Current tax charge for the 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.

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 £14,304 (2020: £8,892) relating to surplus management expenses. It was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

6. Distribution

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

	2021 £'000	2020 £'000
Final	22	12
Add: Revenue deducted on cancellation of shares	8	–
Deduct: Revenue received on creation of shares	(7)	(2)
Net distribution for the year	23	10

7. Debtors

	2021 £'000	2020 £'000
Amounts receivable for issue of shares	–	1
Reimbursement for capped expenses	–	9
Total debtors	–	10

8. Cash and bank balances

	2021 £'000	2020 £'000
Cash and bank balances	1	43
Total cash and bank balances	1	43

Notes to the Financial Statements

9. Creditors

	2021 £'000	2020 £'000
Accrued expenses	–	1
Total creditors	–	1

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2021 Opening shares in issue	Issued	Redeemed	2021 Closing shares in issue
Institutional Class – Accumulation Shares	243,721	103,557	(231,392)	115,886

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 GAM International Management Limited invests primarily in GAM MultiStock – Emerging Markets Equity (the “Master Fund”) which is also managed by GAM International Management Limited.

At the year end accrued expenses included amounts owing to the ACD of £1,213 (2020: £2,609). The charge for the year is disclosed in note 4.

Included in the investment portfolio is a holding of 12,106 units in GAM Multistok – Emerging Market Equity GBP la1 Class of the Master Fund with a market value of £1,412,620 (2020: £3,055,654). Revenue from this holding is shown in note 3. As at 31 December 2021 total revenue earned amounts to £50,507. As at 31 December 2021, one shareholder (2020: two) 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:	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 page 95.

The distribution per share class is given in the Distribution Table on page 96.

13. Feeder Fund

The aggregate charges of GAM Multistock – Emerging Equity and GAM Multistock – Emerging Market Equity GBP la1 are £31,708 (2020: £32,302).

14. Capital commitments and contingent liabilities

On 31 December 2021, the Fund had no capital commitments (2020: £nil) and no contingent liabilities (2020: £nil).

Notes to the Financial Statements

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 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% (£141,262) (2020: £305,565).

(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 2021	<1 month £'000	1-3 months £'000
Net assets attributable to shareholders	1,414	–
	1,414	–
As at 31 December 2020	<1 month £'000	1-3 months £'000
Accrued expenses	1	–
Net assets attributable to shareholders	3,108	–
	3,109	–

(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 on the master fund 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 2021 the Fund held cash deposits of £817 (2020: £43,444) 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.

(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 note 8 of the financial statements for each Fund.

The majority of the assets of the Fund are Collective Investment Schemes 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.

Notes to the Financial Statements

16. Portfolio transaction costs

There were no transactions costs incurred during the year to 31 December 2021 (2020: £nil).

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (2020: nil).

17. Events during the year

2021 has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The ACD and the Investment Adviser are actively monitoring the situation. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance.

18. Events after the Balance Sheet date

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.

The final valuation of GAM Emerging Equity was completed on 13 January 2022 and the Fund has commenced the liquidation process.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	2020 (p)	2019 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,275.20	1,101.46	945.07
Return before operating charges*	(40.66)	185.52	168.02
Operating charges	(14.30)	(11.78)	(11.63)
Return after operating charges*	(54.96)	173.74	156.39
Distributions on accumulation shares	(19.05)	(4.76)	(16.04)
Retained distributions on accumulation shares	19.05	4.76	16.04
Closing net asset value per share	1,220.24	1,275.20	1,101.46
* including direct transaction costs of:	–	–	–
Performance			
Return after charges	(4.31%)	15.77%	16.55%
Other information			
Closing net asset value (£'000)	1,414	3,108	3,258
Closing number of shares	115,886	243,721	295,745
Operating charges	1.10%	1.10%	1.09%
Direct transaction costs	–%	–%	–%
Prices			
Highest share price	1,423.34	1,280.88	1,121.48
Lowest share price	1,191.76	840.81	944.69

Distribution Tables

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2021

Group 2 Final Shares purchased on or between 1 January 2021 and 31 December 2021

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Final	19.0500	–	19.0500	4.7600
Group 2	(p)	(p)	(p)	(p)
Final	6.8600	12.1900	19.0500	4.7600

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

2021 started strongly with progress on the vaccination programme feeding through to encouraging news flow on consumer confidence, retail sales, mortgage approvals, manufacturing activity and employment levels. By the summer we learnt just how well sectors such as construction, industrials and chemicals had traded. While concerns over input price inflation and supply shortages were not far away, these cyclical areas were experiencing earnings upgrades and strong share price performance. At this point, we chose to realise profits with some share prices up significantly over the previous six to eight months. Names include Volution (extractor fans), Eurocell (windows), Joules (retail) and SThree (recruitment). Corporate activity continued apace during the second quarter. The whirlwind of takeovers in small and mid cap companies started to appear in the larger names, such as Morrisons. This signified how undervalued the UK market had become, especially when compared to global peers. Furthermore, activist investors started to press for value enhancing change. GlaxoSmithKline was in the spotlight but was soon joined by BT and British American Tobacco. By July the macroeconomic news flow had become more difficult for the Fund as investors became concerned about the impact of the Delta variant of Covid-19. The 10-year yield curve in the UK fell to 0.5%, having been at 0.8% at the start of June. Volatility in the oil price picked up as fears once again mounted that future lockdowns would restrict travel. Despite this, our companies continued to report good results along with healthy dividend increases. Also of note were the rather lacklustre updates from some consumer staples such as Unilever and Reckitt Benckiser, which were not held in the Fund on valuation grounds. In the second half we built up exposure to banks by adding HSBC to the portfolio. Having not owned the shares, we have watched them halve in value since we launched the Fund. HSBC used to trade at a premium to other UK listed banks but slowing Asian growth and the Evergrande solvency issue eroded that. This was mainly funded from proceeds from corporate activity and profit taking in industrials. As the year came to a close, Europe was once again on the edge of lockdown. The stock market returned to favouring defensive investments and sold economically sensitive shares, with transport companies being the hardest hit. We used the correction as an opportunity to strengthen our positions in National Express and Johnson Service Group. We also started a new position in Direct Line Insurance. The agility of the Fund enabled us to make changes during an extremely volatile period. Turnover rose above normal levels but this activity was rewarded by top equity income sector performance. Looking ahead, we expect turnover to return to more normal levels. The Fund has been repositioned and we expect to see the benefits in 2022. We are pleased to report that GAM UK Equity Income (Z share class S/A INC) paid 18.05p at the half year stage and 19.23p at the end of the year. The total dividend of 37.28p is 42% higher than the dividend paid in 2020. Strong sustainable dividend growth has historically been a positive backdrop for UK equities. This, combined with unprecedented levels of corporate activity in the UK market, is encouraging as we move into 2022.

Performance

The Fund returned 28.1% compared to 18.3% for the FTSE All-Share Index during 2021. The year started strongly thanks to clarity on Brexit and encouraging progress on the vaccine rollout. This was evident in the firmer pound, good progress from cyclical parts of the market and also from domestic companies. Looking at the drivers of performance over the first six months of the year, industrials

(Wincanton, Strix), chemicals (Scapa, Elementis) and consumer discretionary (Warpaint) performed particularly well. In the second half of the year, good economic data was overshadowed by signs of inflation and concerns over new Covid-19 strains (Delta and then Omicron). This put pressure on the yield curve and commodity prices. The Fund continued to make progress, albeit at a slower rate. The cyclical parts of the market underperformed while more defensive areas such as utilities (SSE and National Grid) and consumer staples (Tesco) performed better. Looking at the year as a whole, the vast majority of the outperformance was driven by stock selection. Examples are provided below but in general the Fund benefited from a good amount of corporate activity, indicating that the market is undervalued. This was mainly confined to the small and midcap shares but spread by sector. In terms of market cap, the FTSE Small Cap Index outperformed both the FTSE 100 and FTSE 250 indices. This helped the Fund, which is broadly split 50% large, 20% mid and 30% small.

Stock performers:

Bakkavor

Manufacturer of prepared foods, with a market cap of GBP 750 million. The company is controlled by the Gudmundsson family and is listed on the small cap index. Trading from Bakkavor's key customer, Tesco, has been strong and management's long-standing relationship with suppliers has helped it to manage inflationary pressures. The balance sheet is robust and the dividend was reinstated in 2021. Despite the strong share price performance, the valuation of 11 times forward Price to Earnings (PE), 9% free cash flow yield and 5% dividend yield remains attractive.

Beazley

This specialist insurance company was a new purchase in May 2021. The investment thesis being that concerns over Beazley's exposure to cycle claims were overdone. We met with the head of the cyber division and in our view Beazley's in-house expertise on ransomware attacks means that they had a first mover advantage in this area. Furthermore, group margins are being helped by rate increases across various business lines and Beazley's strong franchise and track record of innovation in specialist areas supports future growth. The shares trade on 12 times forward PE and offer a dividend yield of 2.5%.

Wincanton

Provides logistics services in the UK. Trading, particularly in e-fulfilment, has been strong. This has been endorsed by new contract wins with Primark, MGA Entertainment, Lakeland, Snug Sofa and Saint-Gobain. Concerns over shortages of HGV drivers and warehouse employees proved overdone. Trading on 9 times forward PE, 10% free cash flow yield and 3.7% dividend yield, the shares are attractive.

Corporate activity

The Fund benefited from several takeovers. These included Proactis (spend management software), River & Mercantile (asset manager who sold Solutions business to Schroders), Clinigen (healthcare), Arena events (seating and structures for large events) and Scapa (adhesives). A point of interest is that these companies operate in completely different sectors. Buyers ranged from private equity to larger listed corporates.

Stock detractors

GRIT Real Estate

London-listed GRIT is a leading investor in and manager of high-quality African real estate assets. The company's portfolio is underpinned by USD and EUR denominated long-term leases with a wide range of blue-chip multinational tenants. The retail and leisure assets have been impacted by the pandemic. An equity raise at the end of 2021 has helped to reduce the loan to value ratio and the rent roll has recovered to more normal levels.

Hostelworld

Hostelworld operates a hostel-focused online travel booking platform. Activity levels, while recovering, remain below pre-pandemic levels. Suggestions of further lockdowns makes forecasting difficult, especially as customers largely book close to the travel date. The share price is sensitive to sentiment on short haul travel. In normal operating conditions, Hostelworld is a strongly cash generative business operating in an attractive niche of the travel market. Pent-up demand for travel continues to build.

Diversified Energy

Diversified Energy is an independent owner and operator of producing natural gas wells concentrated in the Appalachian Basin in the US. The strategy is to acquire and manage many small gas wells to generate cash flow and pay dividends. The forward dividend yield is currently 12%. In October, the company was included in some negative Bloomberg articles about methane releases. Following this the company set out detailed investment plans to reduce gas emissions and has stepped up its asset retirement programme.

Standard Chartered

Slowing Asian growth and the Evergrande solvency issue has impacted Standard Chartered's share price. It now trades on 7 times earnings, 0.4 times price to book and 3.5% dividend yield. We are still a little way from organic earnings upgrades driven by recovering Asian economies. However, a rising yield curve is helpful to profits. It is interesting to note that banks are the best performing sector in Europe in 2021, up 34%. In the UK, Lloyds is up 32%, HSBC is up 18% and Standard Chartered is down 4%. This divergence seems extreme.

Dividend

The fund paid a dividend of 19.23p (Z share class S/A Inc.) in the second half of 2021, taking the total for the full year to 37.28p. This represents an increase of 42% compared to 2020 and corresponds to a 3.6% trailing 12-month dividend yield. This includes a special dividend from River & Mercantile, which was recorded as income. After a difficult 2020 that saw dividends cut by 40% across the UK market, we are now seeing their return and we expect a healthy level of growth to continue in 2022. For the fund, this is supported by a number of holdings that will restart paying dividends in 2022. There were also some investments that only started repaying dividends part way through 2021. In 2022, they will make full payments. It was the dividends from the banking and oil and gas sectors that saw the most significant dividend returns in 2021 compared to 2020. Encouragingly, these dividends are supported by buybacks, suggesting that cash flows, balance sheets and capital positions are strong. The fund's income is spread across a variety of sectors. The top 10 distributors are Imperial Brands, British American Tobacco, Diversified Energy, BP, GlaxoSmithKline, Royal Dutch Shell, Vodafone, Legal & General, SSE and National Grid. The common trait across all the holdings is sustainable dividend growth supported by cash flows and strong balance sheets.

Environmental, Social and Governance (ESG)

ESG, stewardship and engagement

ESG approach

We believe a company's commitment to environmental and social responsibility will impact its future cashflows, which lies at the heart of the strategies' investment process. 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. As we are long-term shareholders it is 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. Our flexible approach means we can invest across the entire market capitalisation spectrum. Small and medium sized companies are less well covered than their larger counterparts when it comes to ESG. Here, we can add real value to the sustainability debate by meeting management and discussing appropriate ESG policies and practices.

Stewardship & Engagement

We provide instructions to all the shareholder meetings we can vote on. Since 2018, we actively voted on 100% of the meetings. A recent example of engagement is with Empiric Student Properties, a GBP 500 million small cap held in the portfolio. It was flagged for scoring poorly on ESG issues, including poor human capital development and a lack of green buildings. During the last quarter of 2021, we met with management to raise our concerns. We came away reassured that these issues will be addressed in their new ESG strategy, due to be released in 2022. Of note is the company's interaction with students to reduce energy consumption and waste. Our engagement remains ongoing and we will be meeting with management again after their annual report and ESG strategies are published. Climate change is a key engagement theme. We encourage companies to implement a strong governance framework, which clearly articulates the board's accountability and oversight of climate change risk. An example where we have identified a climate-related opportunity is through our holding in National Express. This leading transport provider has services covering the UK, Continental Europe, North Africa, North America and the Middle East. We were encouraged to learn about the steps the company is taking to address carbon emissions. They have committed to be the world's greenest mass transit operator with no more diesel bus purchases in the UK. More specially, the entire fleet will reach zero emissions by 2040 and the UK bus division will hit this target by 2030.

Outlook

Corporate Activity

It was an exhausting year. A record number of bids for British companies by private equity firms has helped to propel UK takeover volumes to their highest level in 14 years. The availability of cheap debt financing and low stock market valuations that have left some listed businesses vulnerable have caused a surge in mergers and acquisition activity this year. The overall value of all deals involving UK companies has risen by 10% to USD 630.8 billion, the most since 2007, and the number of deals up 39 per cent to 6,926, according to data compiled by Refinitiv. The UK market remains lowly valued and private equity know it. Along with more deals, we expect to hear more from activist shareholders, as they press for value enhancing change. In our portfolio this applies to GlaxoSmithKline, BT, Imperial Brands, SSE and British American Tobacco.

Yield Curve

At close to 100 bps at the end of the year, the UK 10-year gilt yield has risen significantly from 20 bps in January. With inflation topping 5% in the early part of 2022, we expect the yield curve to rise further from here. This will have a profound positive impact on the performance of UK listed financial shares.

Dividends

Now that dividends are back (dividend for GAM UK Equity Income Fund is 42% higher in 2021 compared to 2020), we expect to see them grow. The attractive growth in equity dividends will remain relevant in the face of inflation. The same cannot be said for coupon payments on bonds. A backdrop of progressive dividend growth has historically been very supportive for UK equity income strategies.

Share Buybacks

This will become a very noticeable theme in 2022. It is already present in oil & gas and banking but we expect it to become more widespread within UK large cap companies in 2022. Valuations are low and activist shareholders are pushing for change.

Conclusion

As we embark on the fifth year of GAM UK Equity Income, we are not complacent. There are many unknowns still to navigate. However, we are confident in our process having observed it through numerous cycles and believe it can produce positive relative returns within UK equities.

23 February 2022

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2021 %	31 December 2020 %
United Kingdom	94.97	89.24
United States	2.50	5.27
Ireland	1.63	2.20
France	–	3.51
Forward Currency Contracts	–	0.10
Net other assets/(liabilities)	0.90	(0.32)
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2021 %	31 December 2020 %
Banks	14.44	11.50
Food Beverage & Tobacco	13.34	13.27
Energy	11.77	12.98
Insurance	8.35	2.69
Diversified Financials	7.44	5.14
Telecommunication Services	5.14	7.86
Transportation	5.01	4.73
Commercial & Professional Services	4.54	4.93
Pharmaceuticals & Biotechnology	4.25	4.43
Utilities	4.12	5.80
Household & Personal Products	2.98	1.65
Capital Goods	2.94	7.50
Real Estate	2.82	3.26
Media & Entertainment	2.74	1.34
Retailing	2.34	2.19
Consumer Durables & Apparel	1.71	2.40
Materials	1.64	3.91
Health Care Equipment & Services	1.28	0.89
Consumer Services	0.96	0.65
Food & Staples Retailing	0.89	–
Technology Hardware & Equipment	0.40	0.83
Software & Services	–	1.32
Industrial Support Services	–	0.95
Forward Currency Contracts	–	0.10
Net other assets/(liabilities)	0.90	(0.32)
Total net assets	100.00	100.00

Analysis, by investment	31 December 2021 %	31 December 2020 %
Equity Quoted	99.10	100.22
Warrants	–	–
Forward currency contracts	–	0.10
Net other assets/(liabilities)	0.90	(0.32)
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:

- **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 will provide more details about all the risks for the Fund.

Portfolio Statement

as at 31 December 2021

Holdings	Description	Market Value £'000	% of Net Assets
United Kingdom			
Banks 14.44% (December 2020: 11.50%)			
20,265,701	Lloyds Banking	9,687	4.73
1,483,800	HSBC	6,657	3.25
1,394,429	Standard Chartered	6,253	3.06
761,150	OSB	4,221	2.06
194,806	Close Brothers	2,735	1.34
		29,553	14.44
Food Beverage & Tobacco 11.71% (December 2020: 11.07%)			
333,090	British American Tobacco	9,105	4.45
473,893	Imperial Brands	7,660	3.74
1,917,818	Devro	3,951	1.93
2,568,804	Bakkavor	3,242	1.59
		23,958	11.71
Energy 9.27% (December 2020: 7.83%)			
2,986,180	BP	9,869	4.82
560,781	Royal Dutch Shell	9,098	4.45
		18,967	9.27
Insurance 8.35% (December 2020: 2.69%)			
2,078,538	Legal & General	6,184	3.02
1,495,900	Direct Line Insurance	4,174	2.04
890,184	Beazley	4,151	2.03
907,831	Chesnara	2,587	1.26
		17,096	8.35
Diversified Financials 7.44% (December 2020: 5.14%)			
321,973	Rathbone Brothers	6,388	3.12
2,378,510	Premier Miton	4,638	2.27
1,377,908	River & Mercantile	4,189	2.05
		15,215	7.44
Telecommunication Services 5.14% (December 2020: 6.29%)			
5,165,970	Vodafone	5,799	2.83
2,794,127	BT	4,737	2.31
		10,536	5.14
Transportation 5.01% (December 2020: 4.73%)			
3,147,263	National Express	8,095	3.96
583,616	Wincanton	2,148	1.05
		10,243	5.01

Portfolio Statement

as at 31 December 2021

Holdings	Description	Market Value £'000	% of Net Assets
Commercial & Professional Services 4.54% (December 2020: 4.93%)			
2,442,824	Johnson Service	3,606	1.76
2,925,919	DWF	3,335	1.63
711,325	Wilmington	1,529	0.75
1,808,928	GYG	705	0.35
44,400	Fintel	102	0.05
		9,277	4.54
Pharmaceuticals & Biotechnology 4.25% (December 2020: 4.43%)			
541,947	GlaxoSmithKline	8,707	4.25
		8,707	4.25
Utilities 4.12% (December 2020: 5.80%)			
266,370	SSE	4,392	2.15
381,324	National Grid	4,041	1.97
		8,433	4.12
Household & Personal Products 2.98% (December 2020: 1.65%)			
3,900,000	Warpaint London	6,104	2.98
		6,104	2.98
Capital Goods 2.94% (December 2020: 5.44%)			
665,720	BAE Systems	3,660	1.79
3,707,020	Speedy Hire	2,350	1.15
		6,010	2.94
Real Estate 2.82% (December 2020: 3.26%)			
4,140,912	Empiric Student Property**	3,561	1.74
6,200,000	Grit Real Estate Income	2,201	1.08
		5,762	2.82
Media & Entertainment 2.74% (December 2020: 1.34%)			
688,700	Informa	3,558	1.74
221,277	Euromoney Institutional Investor	2,047	1.00
		5,605	2.74
Retailing 2.34% (December 2020: 2.19%)			
3,894,954	Hostelworld	2,668	1.30
1,926,837	Shoe Zone	2,120	1.04
		4,788	2.34
Consumer Durables & Apparel 1.71% (December 2020: 2.40%)			
1,328,741	Joules	1,927	0.94
554,826	Henry Boot	1,576	0.77
		3,503	1.71

**Real Estate Investment Trust (REIT).

Portfolio Statement

as at 31 December 2021

Holdings	Description	Market Value £'000	% of Net Assets
	Materials 1.64% (December 2020: 3.91%)		
2,555,384	Elementis	3,363	1.64
		3,363	1.64
	Health Care Equipment & Services 1.28% (December 2020: 0.89%)		
1,607,883	Medica	2,613	1.28
		2,613	1.28
	Consumer Services 0.96% (December 2020: 0.65%)		
819,370	SSP	1,967	0.96
		1,967	0.96
	Food & Staples Retailing 0.89% (December 2020: 0.00%)		
628,600	Tesco	1,822	0.89
		1,822	0.89
	Technology Hardware & Equipment 0.40% (December 2020: 0.83%)		
267,962	Strix	813	0.40
		813	0.40
	United States		
	Energy 2.50% (December 2020: 3.21%)		
4,906,252	Diversified Energy	5,122	2.50
		5,122	2.50
	Ireland		
	Food Beverage & Tobacco 1.63% (December 2020: 2.20%)		
804,122	C&C	1,867	0.91
534,448	Origin Enterprises	1,481	0.72
		3,348	1.63
	Mauritius		
	Real Estate 0.00% (December 2020: 0.00%)		
8,066,820	Grit Real Estate (Rights)	–	–
		–	–
	Total Investments	202,805	99.10
	Net other assets	1,852	0.90
	Total net assets	204,657	100.00

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

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2021

Major Purchases	Cost £'000	Major Sales	Proceeds £'000
HSBC	6,263	Clinigen Healthcare	5,076
National Express	4,801	BT	4,671
BP	4,338	Scapa	4,451
Direct Line Insurance	4,202	Eurocell	4,376
Tesco	3,911	Proactis	3,845
British American Tobacco	3,682	Royal Dutch Shell	3,655
Informa	3,621	TOTAL	3,640
BAE Systems	3,359	Huntington Ingalls Industries	3,615
Standard Chartered	3,279	BP	3,578
Royal Dutch Shell	3,208	Joules	3,463
Beazley	3,149	OSB	3,167
Rathbone Brothers	2,980	Volusion	3,085
Chesnara	2,489	Tesco	2,952
Johnson Service	2,268	Wincanton	2,840
Lloyds Banking	2,136	Orange	2,726
Joules	1,968	Informa	2,458
Clinigen Healthcare	1,706	National Express	2,270
Vodafone	1,486	Arena Events	2,226
BT	1,392	SSE	2,077
GlaxoSmithKline	1,314	National Grid	1,983
Total purchases for the year	72,430	Total sales for the year	86,465

Statement of Total Return

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Income			
Net capital gains/(losses)	2	36,827	(40,896)
Revenue	3	7,068	6,325
Expenses	4	(1,130)	(1,129)
Net revenue before taxation		5,938	5,196
Taxation	5	(98)	(80)
Net revenue after taxation		5,840	5,116
Total return before distributions		42,667	(35,780)
Distributions	6	(6,600)	(5,889)
Change in net assets attributable to shareholders from investment activities		36,067	(41,669)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2021

	2021 £'000	2020 £'000
Opening net assets attributable to shareholders	179,942	239,332
Amounts receivable on creation of shares	75,673	71,728
Less: Amounts payable on cancellation of shares	(88,725)	(90,840)
	(13,052)	(19,112)
Dilution levy	–	64
Change in net assets attributable to shareholders from investment activities	36,067	(41,669)
Retained distribution on accumulation shares	1,700	1,327
Closing net assets attributable to shareholders	204,657	179,942

Balance Sheet

as at 31 December 2021

	Notes	2021 £'000	2020 £'000
Assets:			
Fixed Assets:			
Investments		202,805	180,518
Current assets:			
Debtors	7	891	1,618
Cash and bank balances	8	4,300	759
Total assets		207,996	182,895
Liabilities:			
Creditors:			
Distribution payable		(2,796)	(2,146)
Other creditors	9	(543)	(807)
Total other liabilities		(3,339)	(2,953)
Net Assets Attributable to Shareholders		204,657	179,942

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 2021 and 31 December 2020:

Valuation technique	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	202,805	–	180,327	–
Level 2	–	–	191	–
Level 3	–	–	–	–
Total investments at fair value	202,805	–	180,518	–

2. Net capital gains/(losses)

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

	2021 £'000	2020 £'000
Non-derivative securities	36,513	(40,535)
Forward foreign exchange currency contracts	352	(491)
Currency (losses)/gains	(18)	161
Handling charges	(20)	(36)
Sundry charges	–	5
Net capital gains/(losses)	36,827	(40,896)

3. Revenue

	2021 £'000	2020 £'000
UK dividends	6,251	4,472
Overseas dividends	719	1,453
Property revenue from UK REITs – PID	98	27
Property revenue from UK REITs – Non PID	–	13
Bank interest	–	2
Interest on debt securities	–	116
UK scrip dividends non-taxable	–	242
Total revenue	7,068	6,325

Notes to the Financial Statements

4. Expenses

	2021 £'000	2020 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	1,045	1,048
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	35	35
Safekeeping charge	12	11
Other expenses:		
Audit fees	16	17
Other	22	18
Total expenses	1,130	1,129

5. Taxation

	2021 £'000	2020 £'000
a) Analysis of tax charge in the year:		
Overseas tax	98	80
Total current tax (note 5b)	98	80

b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2020: 20%). The differences are explained below:

Net revenue before taxation	5,938	5,196
Corporation tax of 20% (2020: 20%)	1,188	1,039
Effects of:		
UK dividends	(1,251)	(894)
Non-taxable scrip dividends	–	(48)
Revenue not subject to taxation	(146)	(293)
Movement in excess management expenses	206	196
Overseas tax	98	80
Expenses not deductible for tax purposes	3	3
Property revenue from UK REITs – Non PID	–	(3)
Current tax charge for year (note 5a)	98	80

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 £665,762 (2020: £459,825) relating to surplus management expenses.

Notes to the Financial Statements

6. Distribution

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

	2021 £'000	2020 £'000
Interim	3,146	3,020
Final	3,676	2,767
Add: Revenue deducted on cancellation of shares	568	962
Deduct: Revenue received on creation of shares	(790)	(860)
Net distributions for the year	6,600	5,889
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	5,840	5,118
Tax relief on ACD's periodic charge	(13)	(19)
Expenses charged to capital	773	790
Net distributions for the year	6,600	5,889

7. Debtors

	2021 £'000	2020 £'000
Sales awaiting settlement	–	519
Amounts receivable for issue of shares	109	465
Accrued revenue	741	544
Overseas tax recoverable	41	90
Total debtors	891	1,618

8. Cash and bank balances

	2021 £'000	2020 £'000
Cash and bank balances	4,300	759
Total cash and bank balances	4,300	759

9. Creditors

	2021 £'000	2020 £'000
Purchases awaiting settlement	129	86
Amounts payable for cancellation of shares	169	384
Accrued expenses	245	337
Total creditors	543	807

Notes to the Financial Statements

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2021 Opening shares in issue	Issued	Redeemed	2021 Closing shares in issue
Z Distribution – Income Shares	15,451,125	6,393,244	(7,860,999)	13,983,370
Z Distribution – Accumulation Shares	3,108,352	988,223	(1,021,222)	3,075,353
Z II Class – Accumulation Shares	20,579	–	(8,195)	12,384
Institutional Class – Income Shares	654,300	40,567	(137,998)	556,870
Institutional Class – Accumulation Shares	1,898,445	107,463	(379,865)	1,626,044

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 £98,570 (2020: £176,857). The charge for the year is disclosed in note 4.

As at 31 December 2021, one shareholder (2020: 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
Z II Class – Accumulation Shares:	0.08
Institutional Class – Income Shares:	0.75
Institutional Class – Accumulation Shares:	0.75

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 114 to 116.

The distribution per share class is given in the Distribution Tables on pages 117 and 118. All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 31 December 2021, the Fund had no capital commitments (2020: £nil) and no contingent liabilities (2020: £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% (£20,280,498) (2020: £17,994,232).

Notes to the Financial Statements

(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 Fund had the following net currency exposure (excluding sterling):

	Currency exposure 2021 £'000	Currency exposure 2020 £'000
Danish krone	1	1
Euro	1,701	(65)
Swiss franc	14	20
US dollar	–	150
Total	1,716	106

(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 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

As at 31 December 2020	< 1 month £'000	1-3 months £'000
Amounts payable on forward contracts	(191)	–
Amounts payable for shares cancelled	384	–
Purchases awaiting settlement	86	–
Accrued expenses	337	–
Distribution payable on income shares	–	2,146
Net assets attributable to shareholders	179,942	–
	180,558	2,146

(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 on the master fund 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 2021 the Fund held cash deposits of £4,300,206 (2020: £758,694) 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.

Notes to the Financial Statements

(f) Interest rate risk

The Fund 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 note 8 of the financial statements for each Fund.

The majority of the assets of the Fund 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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Equities	72,083,821	92,380	86,503,107	97,814
Bonds	–	–	–	3,120
Collective Investment Schemes	–	–	–	1,666
Trades in the year before transaction costs	72,083,821	92,380	86,503,107	102,600
Commissions				
Equities	22,887	35	(37,389)	(36)
Collective Investment Schemes	–	–	–	(1)
Total commissions	22,887	35	(37,389)	(37)
Taxes				
Equities	323,444	386	(266)	–
Total costs	346,331	421	(37,655)	(37)
Total net trades in the year after transaction costs	72,430,152	92,801	86,465,452	102,563

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

	Purchases		Sales	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Commissions				
Equities	0.03	0.04	(0.04)	(0.04)
Bonds	–	–	–	–
Collective Investment Schemes	–	–	–	(0.06)
Taxes				
Equities	0.45	0.42	–	–
Bonds	–	–	–	–
Collective Investment Schemes	–	–	–	–

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

	2021 %	2020 %
Commissions	0.03	0.04
Taxes	0.18	0.21
Total costs	0.21	0.25

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.74% (2020: 1.29%).

Notes to the Financial Statements

16. Events during the year

2021 has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The ACD and the Investment Adviser are actively monitoring the situation. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance.

17. Events after the Balance Sheet date

On 23 February 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.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	2020 (p)	2019 (p)
Z Distribution – Income Shares			
Change in net assets per share			
Opening net asset value per share	824.48	979.43	885.95
Return before operating charges*	236.77	(124.08)	146.60
Operating charges	(5.84)	(4.67)	(5.93)
Return after operating charges*	230.93	(128.75)	140.67
Distributions on income shares	(37.28)	(26.20)	(47.19)
Closing net asset value per share	1,018.13	824.48	979.43
* including direct transaction costs of:	2.04	1.92	3.35
Performance			
Return after charges	28.01%	(13.15%)	15.88%
Other information			
Closing net asset value (£'000)	142,369	127,393	164,505
Closing number of shares	13,983,370	15,451,125	16,796,038
Operating charges	0.61%	0.62%	0.63%
Direct transaction costs	0.21%	0.25%	0.36%
Prices			
Highest share price	1,037.36	979.41	1,011.10
Lowest share price	825.41	587.39	880.01
	2021 (p)	2020 (p)	2019 (p)
Z Distribution – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	940.97	1,080.56	930.48
Return before operating charges*	271.50	(134.42)	156.33
Operating charges	(6.80)	(5.17)	(6.25)
Return after operating charges*	264.70	(139.59)	150.08
Distributions on accumulation shares	(36.39)	(24.27)	(44.38)
Retained distributions on accumulation shares	36.39	24.27	44.38
Closing net asset value per share	1,205.67	940.97	1,080.56
* including direct transaction costs of:	2.36	2.12	3.59
Performance			
Return after charges	28.13%	(12.92%)	16.13%
Other information			
Closing net asset value (£'000)	37,079	29,249	39,273
Closing number of shares	3,075,353	3,108,352	3,634,484
Operating charges	0.61%	0.62%	0.62%
Direct transaction costs	0.21%	0.25%	0.36%
Prices			
Highest share price	1,205.64	1,088.39	1,087.42
Lowest share price	942.03	648.03	929.47

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	2020 (p)	2019 (p)
Z II Class – Accumulation Shares⁽¹⁾			
Change in net assets per share			
Opening net asset value per share	951.81	1,087.89	1,000.00
Return before operating charges*	275.05	(134.89)	89.53
Operating charges	(1.76)	(1.19)	(1.64)
Return after operating charges*	273.29	(136.08)	87.89
Distributions on accumulation shares	(42.00)	(28.50)	(43.98)
Retained distributions on accumulation shares	42.00	28.50	43.98
Closing net asset value per share	1,225.10	951.81	1,087.89
* including direct transaction costs of:	2.35	2.12	3.50
Performance			
Return after charges	28.71%	(12.51%)	8.79%
Other information			
Closing net asset value (£'000)	152	196	131
Closing number of shares	12,384	20,579	12,019
Operating charges	0.16%	0.14%	0.17%
Direct transaction costs	0.21%	0.25%	0.36%
Prices			
Highest share price	1,225.11	1,095.81	1,094.70
Lowest share price	952.93	653.09	951.15
	2021 (p)	2020 (p)	2019 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	818.63	974.64	883.42
Return before operating charges*	234.98	(123.60)	145.97
Operating charges	(7.75)	(6.23)	(7.75)
Return after operating charges*	227.23	(129.83)	138.22
Distributions on income shares	(36.98)	(26.18)	(47.00)
Closing net asset value per share	1,008.88	818.63	974.64
* including direct transaction costs of:	2.03	1.92	3.34
Performance			
Return after charges	27.76%	(13.32%)	15.65%
Other information			
Closing net asset value (£'000)	5,618	5,356	10,716
Closing number of shares	556,870	654,300	1,099,473
Operating charges	0.81%	0.83%	0.83%
Direct transaction costs	0.21%	0.25%	0.36%
Prices			
Highest share price	1,027.95	974.53	1,005.70
Lowest share price	819.53	584.25	875.93

⁽¹⁾ Share class launched on 5 March 2019.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2021 (p)	2020 (p)	2019 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	934.89	1,075.73	928.27
Return before operating charges*	269.54	(133.97)	155.70
Operating charges	(8.95)	(6.87)	(8.24)
Return after operating charges*	260.59	(140.84)	147.46
Distributions on accumulation shares	(33.90)	(22.45)	(42.14)
Retained distributions on accumulation shares	33.90	22.45	42.14
Closing net asset value per share	1,195.48	934.89	1,075.73
* including direct transaction costs of:	2.33	2.13	3.56
Performance			
Return after charges	27.87%	(13.09%)	15.89%
Other information			
Closing net asset value (£'000)	19,439	17,748	24,707
Closing number of shares	1,626,044	1,898,445	2,296,774
Operating charges	0.81%	0.81%	0.83%
Direct transaction costs	0.21%	0.25%	0.36%
Prices			
Highest share price	1,195.48	1,083.52	1,082.58
Lowest share price	935.92	644.85	927.25

Distribution Tables

Distribution in pence per share

Group 1 Interim Shares purchased prior to 1 January 2021

Group 2 Interim Shares purchased on or between 1 January 2021 and 30 June 2021

Group 1 Final Shares purchased prior to 1 July 2021

Group 2 Final Shares purchased on or between 1 July 2021 and 31 December 2021

Z Distribution – Income Shares

	Net revenue	Equalisation	Distributions paid/payable 2021/2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Interim	18.0500	–	18.0500	12.8800
Final	19.2300	–	19.2300	13.3200
Group 2	(p)	(p)	(p)	(p)
Interim	2.4800	15.5700	18.0500	12.8800
Final	1.8400	17.3900	19.2300	13.3200

Z Distribution – Accumulation Shares

	Net revenue	Equalisation	Distributions paid/payable 2021/2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Interim	17.3100	–	17.3100	11.6300
Final	19.0800	–	19.0800	12.6400
Group 2	(p)	(p)	(p)	(p)
Interim	7.8800	9.4300	17.3100	11.6300
Final	–	19.0800	19.0800	12.6400

Z II Class – Accumulation Shares

	Net revenue	Equalisation	Distributions paid/payable 2021/2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Interim	–	–	–	–
Final	42.0000	–	42.0000	28.5000
Group 2	(p)	(p)	(p)	(p)
Interim	–	–	–	–
Final	42.0000	–	42.0000	28.5000

Institutional Class – Income Shares

	Net revenue	Equalisation	Distributions paid/payable 2021/2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Interim	17.9100	–	17.9100	12.8100
Final	19.0700	–	19.0700	13.3700
Group 2	(p)	(p)	(p)	(p)
Interim	9.4400	8.4700	17.9100	12.8100
Final	5.7600	13.3100	19.0700	13.3700

Distribution Tables

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distributions paid/payable 2021/2022	Distribution paid 2021
Group 1	(p)	(p)	(p)	(p)
Interim	16.1400	–	16.1400	10.7000
Final	17.7600	–	17.7600	11.7500
Group 2	(p)	(p)	(p)	(p)
Interim	4.1200	12.0200	16.1400	10.7000
Final	–	17.7600	17.7600	11.7500

Equalisation

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

GAM Global Eclectic Equity Fund closed on 19 May 2020.

Statement of Total Return

for the year ended 31 December 2021

	2021		2020	
	£'000	£'000	£'000	£'000
Income				
Net capital losses		–		(10,810)
Revenue	–		14,016	
Expenses	–		(164)	
Interest payable and similar charges	–		(14,068)	
Net expenses before taxation	–		(216)	
Taxation	–		(3)	
Net expenses after taxation		–		(219)
Total return before distribution		–		(11,029)
Distribution		–		–
Change in net assets attributable to shareholders from investment activities		–		(11,029)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2021

	2021		2020	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		–		177,049
Amounts receivable on creation of shares	–		–	
Less: Amounts payable on cancellation of shares	–		(166,123)	
		–		(166,123)
Dilution levy		–		103
Change in net assets attributable to shareholders from investment activities		–		(11,029)
Closing net assets attributable to shareholders		–		–

GAM Global Eclectic Equity Fund

Balance Sheet

as at 31 December 2021

	2021 £'000	2020 £'000
Assets:		
Fixed Assets:		
Current assets:		
Cash and bank balances	7	7
Total assets	7	7
Liabilities:		
Creditors:		
Distribution payable	–	–
Other creditors	(7)	(7)
Total other liabilities	(7)	(7)
Net Assets Attributable to Shareholders	–	–

Notes to the Financial Statements

The GAM Global Eclectic Equity Fund closed on 19 May 2020. The value of including the supporting notes to the Financial Statements on this closed Fund has been assessed and all other notes have been omitted due to minimal activity in the year.

1. Net capital losses

The net capital losses during the year comprise:

	2021 £'000	2020 £'000
Non-derivative securities	–	(12,364)
Forward foreign exchange currency contracts	–	(515)
Currency gains	–	2,082
Handling charges	–	(6)
Amount payable for Fund surplus	–	(7)
Net capital losses	–	(10,810)

2. Revenue

	2021 £'000	2020 £'000
UK dividends	–	(26)
Overseas dividends	–	(562)
Bank interest	–	14,542
UK scrip dividends non-taxable	–	62
Total revenue	–	14,016

3. Expenses

	2021 £'000	2020 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	–	158
Capped OCF rebate	–	(1)
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	–	5
Safekeeping charge	–	2
Total expenses	–	164

GAM Global Eclectic Equity Fund

Net Asset Value and Comparative Tables

The GAM Global Eclectic Equity Fund closed on 19 May 2020. The value of including the Comparative Tables on this closed Fund has been assessed and omitted due to no activity in the 2021 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.

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

26 April 2022





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 2021 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 8 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 2021; 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 Emerging Equity, GAM Global Eclectic Equity Fund and GAM North American Growth have been prepared on a basis other than going concern.

Conclusions relating to going concern

With the exception of those funds 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.

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, 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
- 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.



PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin, Ireland
26 April 2022

- 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.

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

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

General Information (unaudited)

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 Emerging Equity**	Up to 1.50%	Up to 1.15%	Up to 1.50%
GAM UK Equity Income	Up to 1.50%	Up to 0.75%	Up to 1.50%
GAM Global Eclectic Equity Fund*	Up to 1.50%	Up to 1.05%	Up to 1.50%
GAM Global Diversified	Up to 1.50%	Up to 1.05%	Up to 1.50%
GAM North American Growth	Up to 1.50%	Up to 0.90%	Up to 1.50%

* Fund closed 19 May 2020.

** Fund closed 13 January 2022.

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 2021/2022 the first £12,000 (2020/2021: £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

Charles Naylor was appointed on 10 February 2021 as a Director to GAM Sterling Management Limited, the Authorised Corporate Director of the Company.

Darren Nicholls resigned as Directors of GAM Sterling Management Limited on 23 November 2021.

On 11 August 2021, GAM Global Diversified launched A USD Accumulation Hedge Class and Institutional USD Accumulation Hedged Class.

Ali Miremadi has resigned as Investment Adviser of GAM North American Growth and GAM Global Diversified. Kevin Kruczynski will continue as Investment Adviser of both funds.

On 31 October 2021 Christopher Sellers was appointed Co Investment Adviser on GAM Continental European Equity.

The Termination Accounts of GAM Global Eclectic Equity Fund have been prepared and the final liquidation process of this Fund will be completed in 2022.

2021 has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The Authorised Corporate Director, the Investment Adviser/Delegate Investment Adviser are actively monitoring the situation and will continue to manage the Company's assets within the investment and risk parameters that have been established. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Company's performance.

General Information (unaudited)

Events after the year end

The final valuation of GAM Emerging Equity was completed on 13 January 2022 and the Fund has commenced the liquidation process.

Andrew Pratt resigned as Director of GAM Sterling Management Limited on 22 March 2022.

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 will be a standalone fund and no longer invest in the master fund GAM Star Continental European Equity. The new investment strategy has changed as follows: 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 a new prospectus of the Company was issued.

On 29 March 2022, the Authorised Corporate Director of the Fund approved the proposal to merge GAM North American Growth into GAM Disruptive Growth (formerly GAM Global Diversified). This operation is subject to FCA approval.

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 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, 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 designed to incentivise delivery of strong investment performance within a sound risk and control environment, and 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

Directors of the UK regulated entities receive only fixed remuneration linked to their role which is 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 2021 in relation to the UCITS funds managed by GAM Sterling Management Limited.

GAM Sterling Management Limited manages one UCITS fund, with a combined AUM of £446 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 2021, in total 23 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	£5,228,575
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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.

Contacts

Enquiries

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Dealing

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