

---

# GAM Funds

## Interim Report

for the period ended 30 June 2023 (unaudited)

## Table of Contents

Directory*	2
Authorised Corporate Director's Report*	3
Investment Objectives and Policy*	3
Summary of Significant Accounting policies applicable to all Funds	5
GAM Disruptive Growth*	7
GAM Credit Opportunities (GBP)*	17
GAM UK Equity Income*	26
General Information	37
Contacts*	39

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

## Directory

### Board of the Authorised Corporate Director

**Simon Ellis**

Independent Non-Executive Director

**Sybillé Hofmann**

Independent Non-Executive Director

**Charles Naylor**

Director, GAM Sterling Management Limited

**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)**

Atlanticornium 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

Dockline, Mayor Street, IFSC, Dublin, D01 K8N7, Ireland

## Authorised Corporate Director's Report

The Authorised Corporate Director ("ACD") presents its report and unaudited interim report for the period to 30 June 2023.

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

In accordance with the Statement of Recommended Practice ("SORP"), for Financial Statements of Authorised Funds issued by the Investment Association ("IA"), comparative figures for the Statement of Total Return and Statement of Change in Net Assets attributable to Shareholders are for the interim ended 30 June 2022 and the comparative figures for the Balance Sheet and the Portfolio Statement are for the year ended 31 December 2022.

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



Director

30 August 2023

*Sybill Hofmann*

Director

## Investment Objectives and Policy

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

### GAM Disruptive Growth

(formally known as GAM Global Diversified)

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

### GAM 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 UK Equity Income

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

## **General**

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

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

As at 30 June 2023 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/media/3061957/gam-value\\_report\\_202104\\_en\\_online.pdf](http://www.gam.com/media/3061957/gam-value_report_202104_en_online.pdf).

## 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, have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with United Kingdom generally accepted accounting principles, the Statement of Recommended Practice ("SORP") for Authorised Funds issued by the Investment Association 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 Company commits to purchase or sell the asset. Investments are derecognised when the rights to receive the cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

##### Measurement

The investments of the Funds have been valued at last trade prices at 12:00 (UK time), with the exception of GAM Credit Opportunities which is at 23.00 (UK time) on 30 June 2023. For unquoted securities, where no market quotation is available, such investments will be valued based on the probable realisation value estimated by the ACD on a basis which it considers fair and reasonable. Any unquoted securities have been ruled as such on the portfolio statement of each Fund.

#### (c) Revenue Recognition

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

#### (d) Foreign Currencies

Foreign currency transactions completed during the period 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 period end:

	30 June 2023	31 December 2022
Australian dollar	1.9099	1.7706
Canadian dollar	1.6823	1.6282
Danish krone	8.6768	8.3855
Euro	1.1653	1.1276
Hong Kong dollar	9.9631	9.3834
Japanese yen	183.7547	158.6138
New Zealand dollar	2.0752	1.8967
Norwegian krone	13.6207	11.8437
South African rand	24.0174	20.3850
Swedish krona	13.7322	12.4919
Swiss franc	1.1374	1.1107
Thai baht	45.0757	41.6971
US dollar	1.2714	1.2039

#### (e) Expenses

Management expenses are charged against income and used in determining any distribution. All net income will be distributed after expenses at period 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 effectively cap the ACD rate at the advertised ACD rate published in the company prospectus.

#### (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 interim period 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, the GAM Credit Opportunities (GBP) Z Class – Income shares makes additional quarterly distributions which are paid at the end of May and November.
- (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 interim period. 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.

## Commentary

### Market environment and performance

The first half of 2023 has seen an increasing willingness to move back into risk assets and specifically duration. This has been driven by a growing confidence that inflation is coming under control and that, as a result, interest rates will soon peak. In the US, the drop in inflation has been rapid and has driven a return to risk assets. The first seeds of this sea change were apparent early in the year, but investors remained sceptical – as a result the equity buying was very focused on large-cap, highly liquid names. Expensive tech and non-profitable growth were left behind as the move started. In fact, well over 50% of the MSCI World Growth Index performance in H1 2023 came from just seven names, Apple (+50%), Microsoft (+43%), Alphabet (+36%), Amazon (+55%), Tesla (+112%), Meta (+138%) and Nvidia (+190%). It was the move in Nvidia that reminded us, all that disruption remains alive and well in spite of the macro concerns. As we repeatedly argue, true innovation grows through any macro downturns, delivering unimpacted fundamentals even though the market often punishes these names.

The first quarter results print from Nvidia set alight the Digital 4.0 theme that we have written about extensively for the last year or more. Its dominant position in GPUs for AI, particularly on training applications, led to a huge uplift in expected revenues in the guidance periods. We have never seen a guide up of such magnitude from such a large company – it was truly impressive. We were in Nvidia's offices seeing management the day after the print and they were in a confident mood about the long-term opportunity that lies ahead.

### Positioning and outlook

As well as AI creating a major catalyst for growth assets, we saw a clear bottoming in the trough of disillusionment (in Gartner Hype-Cycle terms) for crypto. After a really difficult 2022 that saw everything from regulatory resistance to outright fraud (FTX), it seemed that the Wells Notice and ensuing lawsuit against Coinbase by the SEC marked the darkest before the dawn moment. We have firmly believed that Coinbase represents the most regulated onshore platform for blockchain/crypto assets and that it will become the defacto winner as regulation takes shape. More recently, a partial win against the SEC by Ripple and the launch of listing applications for Bitcoin ETFs by a large number of leading asset managers has started to turn the tide in sentiment. Coinbase rallied 25% on the day of the Ripple judgement and it is up by 205% year-to-date.

As always, the rising tide of optimism has helped names that we do not consider to be long term winners. While our much-favoured software platform opportunity Cloudflare has risen 67% year-to-date, higher beta, more smashed down names like Carvana have been driven sharply higher (up 1038% in H1 2023!). Caution is therefore warranted. We do not see this as a bubble (yet) but there are names that have moved into dangerous territory while there are also many names that have significant upside potential left. Stock picking will be key in the second half of 2023.

10 August 2023



## Portfolio Analysis

Analysis, by geographical area	30 June 2023 %	31 December 2022 %
United States	71.45	63.58
China	7.49	9.14
Japan	2.78	–
South Korea	2.03	–
Germany	1.53	1.63
United Kingdom	1.47	1.24
Norway	1.40	1.03
Netherlands	1.00	–
Taiwan	0.98	–
Israel	0.88	4.58
Sweden	0.72	–
Net other assets	8.27	18.80
Total net assets	100.00	100.00

Analysis, by industry sector	30 June 2023 %	31 December 2022 %
Software & Services	30.77	29.73
Media & Entertainment	12.11	6.60
Semiconductors & Semiconductor Equipment	10.41	3.94
Health Care Equipment & Services	8.61	7.79
Consumer Services	5.53	6.48
Technology Hardware & Equipment	5.01	8.02
Diversified Financials	4.57	4.58
Automobiles & Components	4.48	3.24
Transportation	3.26	1.29
Commercial & Professional Services	2.78	–
Capital Goods	1.83	2.92
Retailing	1.53	3.21
Pharmaceuticals & Biotechnology	0.84	2.44
Materials	–	0.96
Net other assets	8.27	18.80
Total net assets	100.00	100.00

Analysis, by investment	30 June 2023 %	31 December 2022 %
Equity Quoted	91.50	80.96
Unquoted Equities	0.23	0.24
Net other assets	8.27	18.80
Total net assets	100.00	100.00

## Risk and Reward Profile



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

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

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

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

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

## Portfolio Statement

as at 30 June 2023

Holdings	Description	Market Value £'000	% of Net Assets
<b>United States 71.45% (December 2022: 63.58%)</b>			
25,253	Microsoft	6,690	8.61
60,700	Alphabet	5,716	7.36
11,825	Intuitive Surgical	3,165	4.07
50,070	Coinbase Global	2,868	3.69
8,630	NVIDIA	2,786	3.59
7,680	Netflix	2,601	3.35
20,520	PTC	2,314	2.98
22,480	Airbnb	2,224	2.86
8,260	MicroStrategy	2,221	2.85
13,270	Salesforce	2,208	2.84
47,330	Marvell Technology	2,184	2.81
41,860	Seagate Technology	2,050	2.64
33,930	Omniceil	1,959	2.52
6,100	MongoDB	1,943	2.49
36,027	Cloudflare	1,825	2.35
137,500	Fastly	1,721	2.21
39,600	Dell Technologies	1,663	2.14
15,500	DexCom	1,568	2.02
46,600	Uber Technologies	1,569	2.02
2,945	ServiceNow	1,276	1.64
14,550	Expedia	1,241	1.60
31,510	Sensata Technologies	1,108	1.43
9,160	CrowdStrike	1,043	1.34
11,290	Datadog	861	1.11
5,200	Snowflake	723	0.93
269,216	Fresh Market*	–	–
88,000	Clarent*	–	–
229,449	SoftBrands*	–	–
		55,527	71.45
<b>China 7.49% (December 2022: 9.14%)</b>			
163,400	Li Auto	2,234	2.87
49,500	BYD	1,249	1.61
30,450	Trip.com ADR	835	1.07
116,278	Full Truck Alliance ADR	570	0.73
167,851	DiDi Global ADR	398	0.51
12,420	Contemporary Amperex Technology	309	0.40
818,000	Linklogis	230	0.30
		5,825	7.49
<b>Japan 2.78% (December 2022: 0.00%)</b>			
73,600	BayCurrent Consulting	2,160	2.78
		2,160	2.78

## Portfolio Statement

as at 30 June 2023

Holdings	Description	Market Value £'000	% of Net Assets
<b>South Korea 2.03% (December 2022: 0.00%)</b>			
22,800	SK Hynix	1,576	2.03
		1,576	2.03
<b>Germany 1.53% (December 2022: 1.63%)</b>			
52,470	Zalando	1,188	1.53
		1,188	1.53
<b>United Kingdom 1.47% (December 2022: 1.24%)</b>			
303,462	Oxford Nanopore Technologies	652	0.84
25,500	Kainos	313	0.40
719,874	Thomas Murray Network*	180	0.23
45,557	Thomas Murray Systems*	–	–
		1,145	1.47
<b>Norway 1.40% (December 2022: 1.03%)</b>			
509,400	Kahoot!	1,086	1.40
		1,086	1.40
<b>Netherlands 1.00% (December 2022: 0.00%)</b>			
9,200	BE Semiconductor Industries	774	1.00
		774	1.00
<b>Taiwan 0.98% (December 2022: 0.00%)</b>			
9,579	Taiwan Semiconductor Manufacturing ADR	762	0.98
		762	0.98
<b>Israel 0.88% (December 2022: 4.58%)</b>			
47,005	Plus500	682	0.88
		682	0.88
<b>Sweden 0.72% (December 2022: 0.00%)</b>			
314,900	Sinch	556	0.72
		556	0.72
<b>Total Investments</b>		<b>71,281</b>	<b>91.73</b>
<b>Net other assets</b>		<b>6,427</b>	<b>8.27</b>
<b>Total net assets</b>		<b>77,708</b>	<b>100.00</b>

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

\* Unquoted investments.

Stocks shown as ADR's represent American Depositary Receipts.

## Statement of Material Portfolio Changes

for the period 1 January 2023 to 30 June 2023

Major purchases	Cost £'000	Major sales	Proceeds £'000
Alphabet	7,753	Amazon.com	6,851
Amazon.com	7,114	Netflix	5,061
US Treasury 0.125% 30/06/2023	4,115	Intuitive Surgical	4,189
Coinbase Global	3,452	US Treasury 0.125% 30/06/2023	4,182
Netflix	3,263	PTC	2,929
Seagate Technology	2,866	Alphabet	2,509
Infineon Technologies	2,383	Plus500	2,461
Intuitive Surgical	2,353	Seagate Technology	2,381
Salesforce	2,116	Keysight Technologies	2,372
BayCurrent Consulting	2,056	Microsoft	2,370
Meta Platforms	2,023	Expedia	2,355
Cloudflare	1,854	Infineon Technologies	2,290
Fastly	1,753	Meta Platforms	2,233
MicroStrategy	1,663	Marvell Technology	1,927
Capgemini	1,556	NVIDIA	1,686
DexCom	1,531	Rivian Automotive	1,493
SK Hynix	1,522	Thermo Fisher Scientific	1,485
Dell Technologies	1,505	Atlassian	1,485
NVIDIA	1,434	Trimble	1,465
Uber Technologies	1,390	Capgemini	1,412
Total purchases for the period	74,843	Total sales for the period	74,714

## Statement of Total Return

for the period 1 January 2023 to 30 June 2023

	30 June 2023		30 June 2022	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		10,050		(21,591)
Revenue	221		260	
Expenses	(273)		(245)	
Interest payable and similar charges	–		–	
Net (expenses)/revenue before taxation	(52)		15	
Taxation	(20)		(129)	
Net expenses after taxation		(72)		(114)
<b>Total return before equalisation</b>		<b>9,978</b>		<b>(21,705)</b>
Equalisation		–		–
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>9,978</b>		<b>(21,705)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 1 January 2023 to 30 June 2023

	30 June 2023		30 June 2022	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>75,038</b>		<b>88,555</b>
Amounts receivable on creation of shares	42,553		372	
Less: Amounts payable on cancellation of shares	(49,861)		(19,519)	
In specie transfer*	–		45,115	
		(7,308)		25,968
Dilution levy		–		3
Change in net assets attributable to shareholders from investment activities		9,978		(21,705)
<b>Closing net assets attributable to shareholders</b>		<b>77,708</b>		<b>92,821</b>

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

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

## Balance Sheet

as at 30 June 2023

	30 June 2023	31 December 2022
	£'000	£'000
<b>Assets:</b>		
Fixed Assets:		
Investments	71,281	60,931
Current assets:		
Debtors	326	370
Cash and bank balances	7,488	14,063
<b>Total assets</b>	<b>79,095</b>	<b>75,364</b>
<b>Liabilities:</b>		
Creditors:		
Bank overdrafts	(1,125)	–
Distribution payable	–	(1)
Other creditors	(262)	(325)
<b>Total other liabilities</b>	<b>(1,387)</b>	<b>(326)</b>
<b>Net Assets Attributable to Shareholders</b>	<b>77,708</b>	<b>75,038</b>

## Notes to the Financial Statements

### Basis for preparation

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

## Net Asset Value and Comparative Tables

	June 2023	December 2022	December 2021
<b>A Class – Income Shares</b>			
Closing net asset value (£'000)	947	880	984
Closing number of shares	29,527	31,232	22,582
Closing net asset value per share (p)	3,207.60	2,818.87	4,356.47
Operating charges	1.23%	1.30%	1.59%
	June 2023	December 2022	December 2021
<b>A Class – Accumulation Shares</b>			
Closing net asset value (£'000)	1,657	1,588	1,538
Closing number of shares	38,031	41,471	25,981
Closing net asset value per share (p)	4,356.77	3,828.77	5,918.02
Operating charges	1.23%	1.30%	1.58%
	June 2023	December 2022	December 2021
<b>R Class – Income Shares<sup>(1)</sup></b>			
Closing net asset value (£'000)	–	18,580	3,612
Closing number of shares	–	2,463,001	311,177
Closing net asset value per share (p)	–	754.35	1,160.89
Operating charges	–	0.87%	1.14%
	June 2023	December 2022	December 2021
<b>R Class – Accumulation Shares<sup>(1)</sup></b>			
Closing net asset value (£'000)	–	20,324	4,294
Closing number of shares	–	2,600,309	356,992
Closing net asset value per share (p)	–	781.59	1,202.80
Operating charges	–	0.87%	1.14%
	June 2023	December 2022	December 2021
<b>Z Class – Income Shares</b>			
Closing net asset value (£'000)	4,393	4,431	7,792
Closing number of shares	498,360	573,948	657,862
Closing net asset value per share (p)	881.45	771.93	1,184.42
Operating charges	0.53%	0.55%	0.54%

(1) Share class was closed on 4 May 2023.



## Net Asset Value and Comparative Tables

	June 2023	December 2022	December 2021
<b>Z Class – Accumulation Shares</b>			
Closing net asset value (£'000)	17,115	15,775	35,749
Closing number of shares	1,867,716	1,965,740	2,904,110
Closing net asset value per share (p)	916.35	802.49	1,230.98
Operating charges	0.53%	0.55%	0.54%
	June 2023	December 2022	December 2021
<b>Z II Class – Accumulation Shares<sup>(2)</sup></b>			
Closing net asset value (£'000)	–	6,925	12,046
Closing number of shares	–	877,006	992,030
Closing net asset value per share (p)	–	789.57	1,214.32
Operating charges	–	0.81%	0.94%
	June 2023	December 2022	December 2021
<b>Institutional Class – Income Shares</b>			
Closing net asset value (£'000)	20,398	1,644	4,244
Closing number of shares	1,220,669	112,226	188,319
Closing net asset value per share (p)	1,671.09	1,465.29	2,253.87
Operating charges	0.78%	0.84%	1.14%
	June 2023	December 2022	December 2021
<b>Institutional Class – Accumulation Shares</b>			
Closing net asset value (£'000)	33,198	4,891	12,837
Closing number of shares	1,874,832	315,016	537,497
Closing net asset value per share (p)	1,770.70	1,552.63	2,388.20
Operating charges	0.78%	0.84%	1.14%

(2) Share class was closed on 4 May 2023.

## Commentary

### Macro backdrop

The first half of the year began strongly for risky assets, as we saw strong performances until the beginning of February. However, following that we saw some weakness and the month of March was all about banks, following the events regarding US regional banks and Credit Suisse. We believe that these two were very different situations. Moreover, these were two idiosyncratic situations and we do not believe there is any read across to European banks and financials. Due to the structure of the Crédit Suisse takeover, it created price volatility of prices within Additional Tier 1 (AT1) contingent convertibles (CoCos), which initially fell significantly. However, we have started seeing some recovery, notably due to the fact European and UK regulators have commented that AT1 bondholders are always senior to equity holders. Moreover, in June we saw the first Additional Tier 1 (AT1) debt issued by a major European bank since the Credit Suisse event. The issuer was BBVA, which issued EUR 1 billion of an AT1 with a coupon of 8.375%. Moreover, there was strong demand for the new issue. This really demonstrates that the subordinated debt market is normalising. Additionally, Q1 results demonstrated that European banks are in good shape. Their Common Equity Tier 1 (CET1) ratios remain at very high levels and profitability remains strong. In terms of bank deposit flows, in aggregate these have been very stable, and we have not seen any European national champions experience large deposit outflows, with some even experiencing inflows. Despite all these positive factors, spreads remain at extremely wide levels. On top of that extension (or non-call) risk remains largely overstated; the AT1 market is still pricing close to 80% of the AT1s as if they will not be called, despite the fact that less than 10% of AT1s have historically not been called. Moreover, a large part of the AT1 CoCos which remain to be called this year have already been pre-financed, meaning they are highly likely to be called. Within other parts of the subordinated debt market, such as Restricted Tier 1s (RT1s), corporate hybrids and callable Tier 2's, we also see this extension risk as being largely overstated. During risk-off environments such as in 2022 and currently, callable perpetual bonds tend to reprice to maturity, creating a double-negative effect on prices. However, the reverse is true when markets are stronger, and as such we expect to see further strong recovery. As markets start normalising, we should continue seeing more recovery while still capturing high income.

**Credit quality:** Strong as indicated by average rating of bonds at BBB- and A for issuers. We have seen capital and excess capital remaining at very high levels. Moreover, as stated above, financials are benefitting strongly from higher interest rates, as the profitability increases through higher Net Interest Income.

**Income:** Income is a significant component of returns, with a yield to maturity of 8.15% and yield to next call of 9.88%, compared to the 5 Year Gilt which is at 4.66%.

**Performance:** the institutional share class was down 3.08% during H1. A large part of the underperformance was due to the write-down of Credit Suisse AT1 CoCos and its impact on the AT1 coco market. We believe the fund is well positioned to recover, as spreads within our securities are at extremely wide levels, whilst credit fundamentals remain extremely strong.

**Positioning:** The fund remains extremely robust and well positioned in term of credit/interest rate/liquidity risk:

- **Single positions:** Our holdings remain focused on European and UK financial national champions. In terms of issuers, our top holdings are Banco Santander, HSBC and Natwest.

- **Capital structure:** We have maintained our diversification along the capital structure and our positioning can be best described as follows: 2.71% in senior unsecured, 5.22% in corporate hybrids, 26.78% in Tier 2 bonds, 6.59% within Tier 1, 8.08% in RT1 (Tier 1 subordinated debt from insurers under Solvency 2), 40.62% in AT1 (Tier 1 subordinated debt from banks under Basel III) and cash at 10.01%. We have increased our exposure to AT1's as we believe that spreads are at extremely wide levels and extension is largely overstated.
- **Asset type:** positioning can be best described as follows: 53.78% in Fixed-to-Floater Perpetual, 7.92% in Fixed Perpetual, 24.39% in Fixed-to-Floater Bonds, 3.63% in Fixed-Dated Bonds, 0.27% in Undated FRNs and cash at 10.01%. With more than 75% of the securities being either fixed-to-floaters or already floaters, we believe the fund is well positioned for an environment of somewhat higher rates.
- **Issuer rating:** We have more than 85% of the issuers which are rated investment grade.
- **Sector and sub-sector:** The vast majority of our positioning is within financials with more than 80%, where banks and insurances represent the larger proportion with 69.97% and 11.37% respectively. Our holdings in non-financial companies (5.12%) has been maintained in order to enable us to increase diversification within our funds and benefit from strong credit stories.

**Valuation:** With spreads of close to 700 bps, valuations of our securities remain attractive, especially considering the strong fundamentals of our credits. Additionally, the fund should benefit strongly from the repricing to call of large number of securities.

**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 (114 holdings at 30.06.2023), different types of holdings, different maturities and capital structures also contribute to maintaining liquidity for the fund.

**Outlook:** We are constructive with a positive outlook as spreads are extremely wide versus credit fundamentals which remain strong, in our view. We do understand that there a number of uncertainties linked to the macroeconomic backdrop. However, we feel that we are getting well compensated given the attractive valuations within subordinated debt of financials. Moreover, we are getting significantly higher income than in high yield, despite the fact that most of our issuers are strong investment grade companies.

As such, going forward the fund should not only capture the high and steady income, but we would expect this income to be complemented by strong price recovery. Furthermore, as stated above, we feel that extension risk is overstated and currently provides a strong opportunity. As an example, Barclays 6.125% Perp currently has a yield to next call in 2025 of close to 13%. The yield to worst is also close to 12%. We believe the fund should benefit going forward as valuations tighten. In the meantime, we are receiving considerably high income.

10 August 2023

# GAM Credit Opportunities (GBP)

---

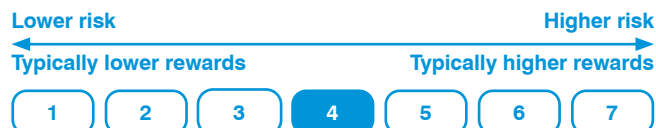
## Portfolio Analysis

Analysis, by geographical area	30 June 2023 %	31 December 2022 %
Ireland	148.88	100.15
Net other liabilities	(48.88)	(0.15)
Total net assets	100.00	100.00

Analysis, by industry sector	30 June 2023 %	31 December 2022 %
Collective Investment Schemes	148.88	100.15
Net other liabilities	(48.88)	(0.15)
Total net assets	100.00	100.00

Analysis, by investment	30 June 2023 %	31 December 2022 %
Bond Fund	148.88	100.15
Net other liabilities	(48.88)	(0.15)
Total net assets	100.00	100.00

## Risk and Reward Profile



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

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

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

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

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

# GAM Credit Opportunities (GBP)

## Portfolio Statement

as at 30 June 2023

Holdings	Description	Market Value £'000	% of Net Assets
	<b>Collective Investment Schemes 148.88% (December 2022: 100.15%)</b>		
3,912,041	GAM Star Credit Opportunities Fund GBP QZ II Acc †*	35,808	148.88
		35,808	148.88
	<b>Total Investments</b>	<b>35,808</b>	<b>148.88</b>
	<b>Net other liabilities</b>	<b>(11,757)</b>	<b>(48.88)</b>
	<b>Total net assets</b>	<b>24,051</b>	<b>100.00</b>

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](http://www.gam.com/en/documents).

## Statement of Material Portfolio Changes

for the period 1 January 2023 to 30 June 2023

Total purchases		Cost £'000	Total sales		Proceeds £'000
GAM Star Credit Opportunities Fund GBP QZ II Acc		4,897	GAM Star Credit Opportunities Fund GBP QZ II Acc		14,546
Total purchases for the period		4,897	Total sales for the period		14,546

# GAM Credit Opportunities (GBP)

## Statement of Total Return

for the period 1 January 2023 to 30 June 2023

	30 June 2023		30 June 2022	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital losses		(2,453)		(9,612)
Revenue	1,247		1,602	
Expenses	(228)		(322)	
Interest payable and similar charges	–		–	
Net revenue before taxation	1,019		1,280	
Taxation	–		–	
Net revenue after taxation		1,019		1,280
<b>Total return before distributions</b>		<b>(1,434)</b>		<b>(8,332)</b>
Distributions		(490)		(348)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(1,924)</b>		<b>(8,680)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 1 January 2023 to 30 June 2023

	30 June 2023		30 June 2022	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>46,576</b>		<b>84,997</b>
Amounts receivable on creation of shares	4,793		9,010	
Less: Amounts payable on cancellation of shares	(25,394)		(38,373)	
		(20,601)		(29,363)
Change in net assets attributable to shareholders from investment activities		(1,924)		(8,680)
<b>Closing net assets attributable to shareholders</b>		<b>24,051</b>		<b>46,954</b>

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

## Balance Sheet

as at 30 June 2023

	30 June 2023	31 December 2022
	£'000	£'000
<b>Assets:</b>		
Fixed Assets:		
Investments	35,808	46,646
Current assets:		
Debtors	4,485	175
Cash and bank balances	37	–
<b>Total assets</b>	<b>40,330</b>	<b>46,821</b>
<b>Liabilities:</b>		
Creditors:		
Bank overdrafts	(35)	(9)
Distribution payable	(40)	(64)
Other creditors	(16,204)	(172)
<b>Total other liabilities</b>	<b>(16,279)</b>	<b>(245)</b>
<b>Net Assets Attributable to Shareholders</b>	<b>24,051</b>	<b>46,576</b>

## Notes to the Interim Report

### Basis for preparation

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



# GAM Credit Opportunities (GBP)

## Net Asset Value and Comparative Tables

	June 2023	December 2022	December 2021
<b>Z Class – Income Shares</b>			
Closing net asset value (£'000)	1,464	1,107	8,585
Closing number of shares	186,160	132,625	851,959
Closing net asset value per share (p)	786.66	834.98	1,007.66
Operating charges	0.94%	0.92%	0.98%
	June 2023	December 2022	December 2021
<b>Z Class – Accumulation Shares</b>			
Closing net asset value (£'000)	4	2,637	23,770
Closing number of shares	423	262,132	2,062,971
Closing net asset value per share (p)	975.71	1,006.00	1,152.22
Operating charges	0.94%	0.92%	0.98%
	June 2023	December 2022	December 2021
<b>Institutional Class – Income Shares</b>			
Closing net asset value (£'000)	620	1,080	1,228
Closing number of shares	76,511	129,116	122,482
Closing net asset value per share (p)	810.07	836.17	1,002.20
Operating charges	1.14%	1.12%	1.18%
	June 2023	December 2022	December 2021
<b>Institutional Class – Accumulation Shares</b>			
Closing net asset value (£'000)	21,963	41,752	51,414
Closing number of shares	2,108,649	3,883,597	4,167,153
Closing net asset value per share (p)	1,041.54	1,075.09	1,233.80
Operating charges	1.14%	1.12%	1.18%

## Distribution Tables

### Distribution in pence per share

Group 1 First Interim Shares purchased prior to 1 January 2023

Group 2 First Interim Shares purchased on or between 1 January 2023 and 31 March 2023

Group 1 Second Interim Shares purchased prior to 1 April 2023

Group 2 Second Interim Shares purchased on or between 1 April 2023 and 30 June 2023

### Z Class – Income Shares<sup>(1)</sup>

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
<b>Group 1</b>	<b>(p)</b>	<b>(p)</b>	<b>(p)</b>	<b>(p)</b>
First Interim	11.7400	–	11.7400	11.3400
Second Interim	11.2900	–	11.2900	11.3900
<b>Group 2</b>	<b>(p)</b>	<b>(p)</b>	<b>(p)</b>	<b>(p)</b>
First Interim	–	11.7400	11.7400	11.3400
Second Interim	–	11.2900	11.2900	11.3900

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

### 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

### Market environment and Performance

In the last six months, Ferrari has risen 50% from EUR 200 to EUR 300. Its underlying consensus earnings for 2023 have risen 4% from EUR 6.08 to EUR 6.32. It now trades on a PE of 47x and a dividend yield of 0.7% for those 2023 earnings.

You may well ask why you are reading about Ferrari in a UK Equity Income half year report but, for us, this performance sums up the first six months of 2023. Earnings upgrades have been few and far between but, when observed, investors rush to be involved. The same is true in the seven largest US technology firms but we will leave others to explain the 30% gain in the Nasdaq over the first half of the year.

In the UK, interest rates at 5% dominate the news and companies carrying debt are in the spotlight. Thames Water will not be an isolated incident. We hold no utilities, having sold our remaining holding last year, specifically because of the cost of debt and further rate rises.

Our banking sector holdings have not benefitted from rate rises as we would have expected. Their earnings, cashflow and dividends have risen but their share prices have not.

The US regional bank issues, headlined by Silicon Valley Bank in March, led to investor caution. PEs are 5x and the likes of Barclays trades on 0.5x book value. Expect more share buybacks from these companies. They report in July.

However, the largest drag on performance has been the lower market capitalised companies. Normally they are beneficiaries of stronger sterling, but this has not happened in the first half of 2023.

Talk of a UK recession circulates, although to date, this has not transpired.

Our focus remains resolute on well covered dividends that grow. Here the fund can report a first half dividend of 27.47p for the z-class semi-annual INC share class, a rise of 17% on the first half of 2022. A useful tool in inflation beating savings. It also corresponds to a 12-month trailing dividend yield of 5.1%.

Specific transactions of note during the period were:

### Sales

**Medica:** we sold at a 60% premium to the Fund's book cost after it was bid for by private equity in April.

**Shoe Zone:** the share price has risen strongly on the back of the recovery in discount shopping since the pandemic. We have recorded a 50% gain over the Fund's book cost, including ordinary and special dividends.

**Balfour Beatty:** we took profits in this construction investment after substantial outperformance. Our investment thesis of large construction projects (HS2, road and infrastructure) continuing to be robust as other construction areas slowed with the economy has now played out as Balfour Beatty has re-rated.

**OSB Group:** We sold the complete holding in OSB recording a gain of around 50% for the Fund including capital, ordinary and special dividend. The company specialises in professional buy to let mortgages and has operationally performed well. However, we became nervous of the markets ability to understand the new interest rates and mortgage lending to this area of the market.

### Purchases

**Real Estate (Segro, LondonMetric Properties):** both companies have loan to values around 30% and have just updated the market on the current property portfolio Net Asset Value (NAV). Both pay dividends that are completely covered by the rent roll. They also have management teams with a proven track record of delivering value through the cycle. We joined the shareholder register after significant share price falls.

**Phoenix:** the company provides life insurance and pension services to 12 million customers and has GBP 260 billion of assets. The dividend yield is over 9% and growing.

**Energiean:** This natural gas investment has moved from discovery to production. With this, comes cashflow and the ability to pay a dividend of close to a 10% yield at the current share price. This cashflow is underpinned by long term, price agreed contracts to a number of large utilities in Israel. We have been gradually building the holding to 2% of the Fund at the end of H1 2023.

### Outlook and positioning

As we look into the second half of 2023 and into 2024, we know the UK market is cheap versus all markets. But just being cheap is not enough. We believe we will start to see a very different narrative around the UK as we enter 2024. We believe inflation will likely fall and, despite some over analysis by some commentators, that is the direction of travel. Stronger sterling helps to reduce imported inflation further. This will enable UK equities to regather some poise. Only once before has the yield on UK Equity Income strategies been this high (2000). The year that followed saw one of the strongest capital performances on record.

10 August 2022

## Portfolio Analysis

Analysis, by geographical area	30 June 2023 %	31 December 2022 %
United Kingdom	95.84	93.35
United States	2.67	2.78
Ireland	1.73	2.23
Net other assets	(0.24)	1.64
Total net assets	100.00	100.00

Analysis, by industry sector	30 June 2023 %	31 December 2022 %
Banks	16.34	17.53
Food Beverage & Tobacco	9.64	8.40
Pharmaceuticals & Biotechnology	8.36	8.56
Energy	8.19	7.63
Insurance	7.64	6.56
Real Estate	6.67	3.45
Commercial & Professional Services	6.17	5.80
Diversified Financials	6.00	6.62
Telecommunication Services	3.54	3.19
Transportation	3.43	3.15
Materials	3.38	3.59
Capital Goods	3.02	4.78
Fixed Income	2.73	2.86
Household & Personal Products	2.62	2.19
Technology Hardware & Equipment	2.45	1.96
Food & Staples Retailing	2.22	2.04
Health Care Equipment & Services	2.07	2.44
Consumer Durables & Apparel	2.04	1.12
Consumer Services	1.65	1.36
Retailing	1.21	2.48
Media & Entertainment	0.87	2.65
Net other assets	(0.24)	1.64
Total net assets	100.00	100.00

Analysis, by investment	30 June 2023 %	31 December 2022 %
Equity Quoted	100.24	98.36
Net other assets	(0.24)	1.64
Total net assets	100.00	100.00

## Risk and Reward Profile



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

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

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

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

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

## Portfolio Statement

as at 30 June 2023

Holdings	Description	Market Value £'000	% of Net Assets
<b>United Kingdom</b>			
<b>Banks 16.34% (December 2022: 17.53%)</b>			
3,027,100	HSBC	18,839	4.77
9,944,500	Barclays	15,233	3.86
32,538,901	Lloyds Banking	14,127	3.58
1,235,229	Standard Chartered	8,491	2.15
901,006	Close Brothers	7,834	1.98
		64,524	16.34
<b>Pharmaceuticals &amp; Biotechnology 8.36% (December 2022: 8.56%)</b>			
1,419,597	GSK	19,773	5.01
708,779	Hikma Pharmaceuticals	13,229	3.35
		33,002	8.36
<b>Food Beverage &amp; Tobacco 8.30% (December 2022: 6.81%)</b>			
584,990	British American Tobacco	15,321	3.88
805,968	Imperial Brands	14,117	3.58
3,480,082	Bakkavor	3,306	0.84
		32,744	8.30
<b>Insurance 7.64% (December 2022: 6.56%)</b>			
4,292,138	Legal & General	9,781	2.48
5,982,370	Direct Line Insurance	8,092	2.05
1,346,508	Phoenix	7,182	1.82
1,843,922	Chesnara	5,108	1.29
		30,163	7.64
<b>Real Estate 6.67% (December 2022: 3.45%)</b>			
4,946,404	LondonMetric Property**	8,178	2.07
9,669,868	Empiric Student Property**	8,151	2.06
1,016,422	Segro**	7,262	1.84
9,000,000	Grit Real Estate Income	2,745	0.70
		26,336	6.67
<b>Commercial &amp; Professional Services 6.17% (December 2022: 5.80%)</b>			
3,175,065	RWS	7,601	1.93
11,505,249	DWF	7,095	1.80
5,480,978	Johnson Service	5,749	1.46
1,519,174	Gateley	2,476	0.63
3,535,500	RBG	901	0.23
1,182,690	AssetCo	480	0.12
		24,302	6.17
<b>Diversified Financials 6.00% (December 2022: 6.62%)</b>			
529,197	Rathbones	9,811	2.48
692,964	Liontrust Asset Management	4,969	1.26
5,712,729	Premier Miton	4,864	1.23
1,962,849	Ashmore	4,066	1.03
		23,710	6.00

# GAM UK Equity Income

## Portfolio Statement

as at 30 June 2023

Holdings	Description	Market Value £'000	% of Net Assets
	<b>Energy 5.52% (December 2022: 4.85%)</b>		
2,797,980	BP	12,910	3.27
878,536	Energear	8,900	2.25
		21,810	5.52
	<b>Telecommunication Services 3.54% (December 2022: 3.19%)</b>		
11,342,127	BT	13,979	3.54
		13,979	3.54
	<b>Transportation 3.43% (December 2022: 3.15%)</b>		
8,801,334	Mobico	8,603	2.18
1,906,674	Wincanton	4,929	1.25
		13,532	3.43
	<b>Materials 3.38% (December 2022: 3.59%)</b>		
5,183,349	Elementis	5,308	1.34
3,229,170	Ibstock	4,553	1.15
1,472,469	Marshalls	3,504	0.89
		13,365	3.38
	<b>Fixed Income 2.73% (December 2022: 2.86%)</b>		
9,537,000	Virgin Money 8.25% Perpetual	8,070	2.04
3,500,000	OSB 6% Perpetual	2,724	0.69
		10,794	2.73
	<b>Capital Goods 2.63% (December 2022: 4.14%)</b>		
21,572,300	Speedy Hire	7,788	1.97
960,995	Morgan Advanced Materials	2,614	0.66
		10,402	2.63
	<b>Household &amp; Personal Products 2.62% (December 2022: 2.19%)</b>		
4,028,931	Warpaint London	10,355	2.62
		10,355	2.62
	<b>Technology Hardware &amp; Equipment 2.45% (December 2022: 1.96%)</b>		
9,414,210	Strix	9,668	2.45
		9,668	2.45
	<b>Food &amp; Staples Retailing 2.22% (December 2022: 2.04%)</b>		
3,529,900	Tesco	8,768	2.22
		8,768	2.22
	<b>Health Care Equipment &amp; Services 2.07% (December 2022: 2.44%)</b>		
652,951	Smith & Nephew	8,191	2.07
		8,191	2.07

## Portfolio Statement

as at 30 June 2023

Holdings	Description	Market Value £'000	% of Net Assets
	<b>Consumer Durables &amp; Apparel 2.04% (December 2022: 1.12%)</b>		
1,001,156	Barratt Developments	4,173	1.06
921,426	Henry Boot	1,942	0.49
283,619	Videndum	1,929	0.49
6,638,367	Joules*	–	–
		8,044	2.04
	<b>Consumer Services 1.65% (December 2022: 1.36%)</b>		
2,384,227	SSP	6,008	1.52
87,274	Fuller Smith & Turner	513	0.13
		6,521	1.65
	<b>Retailing 1.21% (December 2022: 2.48%)</b>		
2,153,724	Hostelworld	2,714	0.69
265,500	Inchcape	2,058	0.52
		4,772	1.21
	<b>Media &amp; Entertainment 0.87% (December 2022: 2.65%)</b>		
4,987,000	ITV	3,445	0.87
		3,445	0.87
	<b>United States</b>		
	<b>Energy 2.67% (December 2022: 2.78%)</b>		
12,015,501	Diversified Energy	10,559	2.67
		10,559	2.67
	<b>Ireland</b>		
	<b>Food Beverage &amp; Tobacco 1.34% (December 2022: 1.59%)</b>		
4,280,613	C&C	5,308	1.34
		5,308	1.34
	<b>Capital Goods 0.39% (December 2022: 0.64%)</b>		
194,504	Grafton	1,531	0.39
		1,531	0.39
	<b>Total Investments</b>	<b>395,825</b>	<b>100.24</b>
	<b>Net other assets</b>	<b>(965)</b>	<b>(0.24)</b>
	<b>Total net assets</b>	<b>394,860</b>	<b>100.00</b>

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

\*\* Real Estate Investment Trust (REIT).

\* Suspended securities.



## Statement of Material Portfolio Changes

for the period 1 January 2023 to 30 June 2023

Major purchases	Cost £'000	Total sales	Proceeds £'000
Energiean	8,654	Informa	6,775
Segro**	7,920	Balfour Beatty	6,714
Phoenix	7,510	OSB	5,110
British American Tobacco	6,779	Shoe Zone	4,526
DWF	5,252	BP	3,947
Imperial Brands	4,585	Medica	3,803
LondonMetric Property**	4,574	Hikma Pharmaceuticals	3,521
Wincanton	3,440	Hostelworld	3,286
Close Brothers	3,212	Standard Chartered	2,622
RWS	2,914	HSBC	1,956
Diversified Energy	2,806	Warpaint London	1,587
Videndum	2,585	Grafton	1,086
Inchcape	2,123	Johnson Service	768
Chesnara	2,084	Fuller Smith & Turner	499
Empiric Student Property**	2,080	Bakkavor	41
Legal & General	1,944		
Ashmore	1,942		
GSK	1,902		
Barclays	1,882		
Mobico	1,840		
Total purchases for the period	91,939	Total sales for the period	46,241

\*\*Real Estate Investment Trust (REIT).

## Statement of Total Return

for the period 1 January 2023 to 30 June 2023

	30 June 2023		30 June 2022	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital losses		(22,330)		(6,586)
Revenue	11,326		5,726	
Expenses	(1,275)		(798)	
Interest payable and similar charges	–		–	
Net revenue before taxation	10,051		4,928	
Taxation	(114)		(87)	
Net expenses after taxation		9,937		4,841
<b>Total return before distribution</b>		<b>(12,393)</b>		<b>(1,745)</b>
Distribution		(10,679)		(5,403)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(23,072)</b>		<b>(7,148)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 1 January 2023 to 30 June 2023

	30 June 2023		30 June 2022	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>378,657</b>		<b>204,657</b>
Amounts receivable on creation of shares	102,194		132,994	
Less: Amounts payable on cancellation of shares	(66,289)		(24,373)	
		35,905		108,621
Dilution levy		–		38
Change in net assets attributable to shareholders from investment activities		(23,072)		(7,148)
Retained distribution on accumulation shares		3,370		1,571
<b>Closing net assets attributable to shareholders</b>		<b>394,860</b>		<b>307,739</b>

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

## Balance Sheet

as at 30 June 2023

	30 June 2023	31 December 2022
	£'000	£'000
<b>Assets:</b>		
Fixed Assets:		
Investments	395,825	372,450
Current assets:		
Debtors	6,140	2,979
Cash and bank balances	2,308	11,167
<b>Total assets</b>	<b>404,273</b>	<b>386,596</b>
<b>Liabilities:</b>		
Creditors:		
Distribution payable	(7,664)	(5,710)
Other creditors	(1,749)	(2,229)
<b>Total other liabilities</b>	<b>(9,413)</b>	<b>(7,939)</b>
<b>Net Assets Attributable to Shareholders</b>	<b>394,860</b>	<b>378,657</b>

## Notes to the Interim Report

### Basis for preparation

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

## Net Asset Value and Comparative Tables

	June 2023	December 2022	December 2021
<b>Z Distribution – Income Shares</b>			
Closing net asset value (£'000)	262,537	261,012	142,369
Closing number of shares	27,890,854	26,192,722	13,983,370
Closing net asset value per share (p)	941.30	996.50	1,018.13
Operating charges	0.62%	0.58%	0.61%
	June 2023	December 2022	December 2021
<b>Z Distribution – Accumulation Shares</b>			
Closing net asset value (£'000)	132,236	92,893	37,079
Closing number of shares	11,024,762	7,528,899	3,075,353
Closing net asset value per share (p)	1,199.45	1,233.81	1,205.67
Operating charges	0.62%	0.58%	0.61%
	June 2023	December 2022	December 2021
<b>Institutional Class – Income Shares<sup>(1)</sup></b>			
Closing net asset value (£'000)	–	5,405	5,618
Closing number of shares	–	548,470	556,870
Closing net asset value per share (p)	–	985.52	1,008.88
Operating charges	–	0.79%	0.81%
	June 2023	December 2022	December 2021
<b>Institutional Class – Accumulation Shares<sup>(1)</sup></b>			
Closing net asset value (£'000)	–	19,239	19,439
Closing number of shares	–	1,575,594	1,626,044
Closing net asset value per share (p)	–	1,221.07	1,195.48
Operating charges	–	0.78%	0.81%
	June 2023	December 2022	December 2021
<b>Z II Class – Accumulation Shares</b>			
Closing net asset value (£'000)	84	108	152
Closing number of shares	6,827	8,544	12,384
Closing net asset value per share (p)	1,228.01	1,259.94	1,225.10
Operating charges	0.12%	0.09%	0.16%

<sup>(1)</sup> Share class was closed on 4 May 2023.

## Distribution Tables

### Distribution in pence per share

Group 1 Interim Shares purchased prior to 1 January 2023

Group 2 Interim Shares purchased on or between 1 January 2023 and 30 June 2023

#### Z Distribution – Income Shares

	Net revenue	Equalisation	Distribution payable 2023	Distribution paid 2022
<b>Group 1</b>	(p)	(p)	(p)	(p)
Interim	27.4700	–	27.4700	23.5300
<b>Group 2</b>	(p)	(p)	(p)	(p)
Interim	11.8600	15.6100	27.4700	23.5300

#### Z Distribution – Accumulation Shares

	Net revenue	Equalisation	Distribution payable to 2023	Distribution paid 2022
<b>Group 1</b>	(p)	(p)	(p)	(p)
Interim	30.5700	–	30.5700	24.1100
<b>Group 2</b>	(p)	(p)	(p)	(p)
Interim	17.2900	13.2800	30.5700	24.1100

Investors are reminded that the Z II class – accumulation shares is an annual distributor. All other classes on this fund distribute semi-annually.

### 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.

## General Information

### The Company

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

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

The ACD is the director of GAM Funds and is responsible for all aspects of administration and management within the OEIC. The ACD is GAM Sterling Management Company Limited, 8 Finsbury Circus, London EC2M 7GB, United Kingdom.

### The Depositary

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

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

### Minimum initial investment

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

### Distributions

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

### Accumulation and Income Shares

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

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

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

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

### Subscription Days

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

### Application for Shares

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

### Repurchase of Shares

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

### Dilution Levy

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

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

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

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

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

## Income Distributions

The Funds pay their annual distribution at the end of February, the UK Equity Income also makes an interim distribution which is paid at the end of August, the GAM Credit Opportunities (GBP) Z Class – Income shares makes additional quarterly distributions which are paid at the end of May and November.

## Charges

An annual charge as listed below is deducted out of the property of the Company.

Fund	Institutional & R		
	A	Z & ZII	
GAM Credit Opportunities (GBP)	Up to 1.50%	Up to 1.10%	Up to 1.50%
GAM UK Equity Income	Up to 1.50%	Up to 0.75%	Up to 1.50%
GAM Disruptive Growth	Up to 1.15%	Up to 0.70%	Up to 0.70%

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 (2022/2023: £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 2023/2024 the first £12,300 (2022/2023: £12,300) of chargeable gains from all sources will be exempt from tax.

Corporate shareholders are subject to different treatment.

## Prospectus

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

## Reports and Accounts

The annual report of the Company will be published within four months of the year end and the half-yearly report within two months of the half year end in each year. Copies of the reports are available upon request from the ACD or via the internet at [www.gam.com](http://www.gam.com). The audited annual reports of the Master fund that is held by GAM Credit Opportunities (GBP) is available via the internet at [www.gam.com](http://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 Period

The final valuation of GAM Continental European Equity was completed on 31 January 2023 and the Termination Accounts for GAM UK Diversified, GAM North American Growth and GAM Continental European Equity have been finalised and the liquidation occurred on 26th of April.

GAM UK Diversified, GAM North American Growth and GAM Continental European Equity have been removed from the Prospectus following FCA approval.

On 4 May 2023 a new prospectus of the Company has been issued.

On 4 May 2023, the Company's Investment Manager ultimate parent company, GAM Holding AG, agreed with Liontrust Asset Management Plc ("Liontrust") to enter into a transaction agreement ("Agreement") for a public share exchange offer by Liontrust for 100% of the equity share capital of GAM Holding AG. The Agreement is contingent on the conditions of the GAM shareholder tender process, Liontrust shareholder approval, regulatory approvals.

## Events after the period end

On 29 August Liontrust officially declared the offer as unsuccessful.

On 29 August 2023, the Company's Investment Manager ultimate parent company, GAM Holding AG, ("GAM") agreed with NewGAME and Rock Investments SAS ("Rock") to extend immediate short-term financing to cover GAM's liquidity needs. This short-term financing will remain in place until it is replaced by the proceeds of a convertible bond to be issued by GAM. The creation of the conditional capital required for the issuance of the convertible bond will be proposed to GAM shareholders at an extraordinary general meeting ("EGM") that will be held on or around 27 September 2023. NewGAME and Rock have confirmed to the current GAM Board their intention to secure sufficient financial resources to fund GAM's operations as a going concern. The current GAM Board welcomes NewGAME's ongoing commitment, with a significant industrial partner such as NJJ among its main shareholders. This provides welcome stability for clients and other stakeholders over the longer term.

## **Contacts**

### **Enquiries**

Client Services  
GAM Fund Management Limited  
Dockline, Mayor Street, IFSC  
Dublin, D01 K8N7, Ireland  
Freephone: 0800 919 927 (UK only)  
Tel: +353 (0) 1 609 3927  
Fax: +353 (0) 1 611 7941  
E-mail: [info@gam.com](mailto:info@gam.com)

### **Dealing**

GAM Fund Management Limited  
Dockline, Mayor Street, IFSC  
Dublin, D01 K8N7, Ireland  
Freephone: 0800 919 928 (UK only)  
Tel: +353 (0) 1 609 3974  
Fax: +353 (0) 1 829 0778  
E-mail: [Dealing-Dub@gam.com](mailto:Dealing-Dub@gam.com)

GAM on the internet: [www.gam.com](http://www.gam.com)



