
GAM Funds

Annual Report

for the year ended 31 December 2018

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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

Douglas Branson

Director, GAM Sterling Management Limited

Daniel Caplan

Director, GAM Sterling Management Limited

Tom Dowd

Director, GAM Sterling Management Limited

Darren Nicholls

Director, GAM Sterling Management Limited

Andrew Hanges

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

Matthew Beesley

Director, GAM Sterling Management Limited
(Appointed: 16 October 2018)

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

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

Depository

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

Independent Auditors

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

Administrator

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

Transfer Agent and Facilities Agent in Ireland

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

Authorised Corporate Director's Report

The Authorised Corporate Director ("ACD") presents its report and audited financial statements for the year to 31 December 2018.

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

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

Prices are published daily on www.gam.com.

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

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

Darren Nicholls	Matthew Beesley
Director	Director

GAM Sterling Management Limited

26 April 2019

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, primarily through investment in quoted securities on a world wide basis.

GAM North American Growth

The objective of the Fund is to provide capital growth, through investment primarily in North American equities.

GAM UK Diversified

(Merged into GAM UK Equity Income on 2 August 2018)

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

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

GAM UK Equity Income

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

GAM Global Eclectic Equity

(Launched: 26 February 2018)

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

GAM European Systematic Value & Income

(Ceased trading on 28 September 2009)

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

General

Each of GAM Global Diversified and GAM Global Eclectic Equity will invest at least 51% of its total assets in shares and other equity securities and equity rights. The remaining part (up to a maximum of 49% of the total assets of the Fund) may be invested in bonds, and other debt securities.

In addition to GAM North American Growth and GAM UK Equity Income, where the investment objectives and policy of a Fund state that investments are made “mainly”, “primarily”, “predominantly”, etc. in a particular continent, country or region, that Fund will invest at least two thirds of its total assets in investments of issuers that have their registered office in the relevant territory or that have the predominant part of their commercial activity in that territory or, as holding companies, must predominantly hold stakes in companies with their registered office in such territory.

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 2018 none of the Funds held holdings of another Fund of the Company.

Summary of Significant Accounting policies applicable to all Funds

- (a) 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 European Systematic Value & Income 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 SORP for Authorised Funds issued by the IA in May 2014, and Collective Investment Scheme Sourcebook as issued and amended by the FCA.
- (b) The investments of the Company have been valued at bid prices as at 23:00 (GMT) on 31 December 2018. 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) 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) Amounts in overseas currencies are translated at the exchange rate ruling at the end of the accounting year. 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 2018	31 December 2017
Australian dollar	1.8091	1.7295
Canadian dollar	1.7395	1.6949
Danish krone	8.3140	8.3876
Euro	1.1141	1.1265
Japanese yen	139.7330	152.3873
New Zealand dollar	1.8993	1.9021
Norwegian krone	11.0283	11.0646
South African rand	18.3207	16.7470
Swedish krona	11.2915	N/A
Swiss franc	1.2555	1.3183
Thai baht	41.4684	44.0861
US dollar	1.2736	1.3527

- (e) 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) 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) 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) 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 commissions are accounted for when the issue underwritten takes place.
- (j) 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 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.

Manager: Ali Miremadi & Kevin Kruczynski

Commentary (unaudited)

The Fund's NAV fell 20.5% (as measured by the A class) during 2018 versus the MSCI World Index fall of 2.5%.

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

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

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

The second quarter was challenging for relative performance, as we have seen a flood of capital going back to the US from the rest of the world. This serves as a headwind for us at the macro level, as we are underweight the US in the portfolio. However, the gap between intrinsic value and prevailing equity prices in the portfolio is widening, especially in the banking and telecoms sectors. We are therefore increasingly optimistic over the outlook for our rigorous investment approach.

September was a month in which little activity, at the index level, concealed a disparate number of underlying movements at the stock, sector and country levels around the world. Some of the macro events year-to-date continue to reverberate around capital markets. In particular, the growing signs of an

overheating US economy – accompanied by rising US interest rates, tougher rhetoric from both sides in the US-China tariff negotiations, and the twin European threats of a disorganised exit from the EU by the UK and an aggressive budget plan from Italy – are all influencing share prices. In equity markets, this continues to play out via some investors being prepared to pay increasingly high prices for 'growth' stocks, while becoming increasingly cautious on the prospects for future economic growth across the US, Europe, China and many emerging markets. The most important single macro feature on which to focus, though, is a general rise in government bond yields.

The last month of 2018 was sharply negative for global stock markets, as a combination of US/China trade worries, evidence of slowing economic growth and tighter US monetary policy combined to heavily impact the S&P 500 Index, even after a bounce over the Christmas period. During the month, we sold out of three long-term holdings where the discount to long-term intrinsic value had reduced – Intuit in the US, Mitsubishi Estate in Japan, and Rolls Royce in the UK. We used the liquidity to increase holdings in some of the most severely sold-off names, such as Lennar, the US homebuilder which we have now owned for over a decade and which, over the course of 2018, has derated to around 6x current earnings as investors fretted that higher interest rates in the US would lead to a collapse in homebuilding. We know the company to be extremely well managed and think that what is taking place here is more of a mid-cycle pause than a change in underlying conditions.

Outlook

Lennar has since reported strong earnings and the shares have staged a sharp recovery at the beginning of 2019 – we think that continuing to build material holdings in quality companies trading at deep discounts to intrinsic value will continue to be a rewarding strategy going forward. Stock markets in general derated around the world last year and our portfolio is now extremely attractively valued. While we focus on what we own, rather than the parts of the market we find less attractive, it seems likely to us that the trend over the last decade of increased concentration in the more highly-valued sectors, particularly in the US, will most likely reverse. Meanwhile, many of our holdings are priced for a recession and falling earnings, which may not materialise. Even so, the strength of their balance sheets and underlying competitive advantages, allied to very low valuations, give us confidence that returns from this level over the next three years will be strongly positive.

The top holdings contributing to performance during 2018 were Auto Trader, Frontline and TAG Immobilien. The bottom holdings were BNP Paribas, UniCredit Guyana Goldfields.

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2018 %	31 December 2017 %
United States	34.87	12.39
United Kingdom	6.94	17.00
France	6.71	8.78
Canada	6.54	–
Germany	6.14	9.94
Italy	5.78	6.37
Japan	5.12	16.81
China	4.07	–
Netherlands	3.86	1.57
India	3.47	–
Belgium	3.23	–
Ireland	2.99	–
Switzerland	2.65	2.20
Norway	1.00	–
Australia	0.92	–
South Africa	–	1.78
Spain	–	1.18
Greece	–	0.86
Sweden	–	0.78
Chile	–	0.42
Net other assets	5.71	19.92
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2018 %	31 December 2017 %
Energy	13.89	8.37
Banks	12.13	23.78
Materials	9.53	9.51
Consumer Durables & Apparel	7.96	–
Food Beverage & Tobacco	7.34	1.42
Telecommunication Services	6.05	5.20
Real Estate	6.05	0.97
Household & Personal Products	6.01	–
Media & Entertainment	5.64	–
Health Care Equipment & Services	4.56	–
Transportation	4.41	0.85
Software & Services	3.62	0.46
Capital Goods	2.53	5.87
Insurance	1.26	3.25
Consumer Services	1.13	–
Automobiles & Components	0.98	–
Diversified Financials	0.95	2.20
Technology Hardware & Equipment	0.25	0.78
Utilities	–	7.07
Media	–	7.00
Commercial & Professional Services	–	1.49
Food & Staples Retailing	–	1.05
Pharmaceuticals & Biotechnology	–	0.67
Retailing	–	0.14
Net other assets	5.71	19.92
Total net assets	100.00	100.00

Analysis, by investment	31 December 2018 %	31 December 2017 %
Equity Quoted	90.82	80.07
Participatory Note	3.47	0.01
Net other assets	5.71	19.92
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.

- 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.
- The Fund is assigned to the category indicated above because of the fluctuations in its value in the past.
- The lowest category does not mean 'risk free'.
- The Fund does not offer any capital guarantee or assurance that the investor will receive a fixed amount when redeeming.

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

- **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.
- **Equity:** investments in equities (directly or indirectly via derivatives) may be subject to significant fluctuations in value.
- **Investment Positions:** positions may increase in size relative to the size of the Fund. The risk is monitored by regularly adapting positions.

The “Investment Objectives and Policy” section of the Prospectus for this Fund give you more details about all the risks for the Fund – please refer to www.gam.com for how to obtain a copy.

Portfolio Statement

as at 31 December 2018

Holdings	Description	Market Value £'000	% of Net Assets
United States 34.87% (December 2017: 12.39%)			
247,865	Lennar	7,619	5.31
28,427	Becton Dickinson	5,029	3.51
60,114	United Parcel Service	4,603	3.21
45,184	PepsiCo	3,920	2.73
48,582	Microsoft	3,874	2.70
114,034	Mondelez International	3,584	2.50
72,606	Colgate-Palmolive	3,393	2.36
196,693	Golar LNG	3,361	2.34
156,292	Apache	3,221	2.24
72,222	Bunge	3,030	2.11
690,669	Frontline	2,999	2.09
280,598	Patterson-UTI Energy	2,280	1.59
80,790	Halliburton	1,686	1.18
278,326	Coty	1,434	1.00
		50,033	34.87
United Kingdom 6.94% (December 2017: 17.00%)			
92,703	Unilever	3,809	2.65
494,175	Auto Trader	2,248	1.57
77,777	Royal Dutch Shell	1,820	1.27
307,868	Greene King	1,626	1.13
719,874	Thomas Murray Network*	360	0.25
6,526,528	Fastjet	90	0.06
11,087,426	Rolls Royce	11	0.01
1,117,128	Fastjet Warrants Expiry date 31/07/2021	–	–
670,754	Ludorum*	–	–
45,557	Thomas Murray Systems*	–	–
		9,964	6.94
France 6.71% (December 2017: 8.78%)			
169,612	BNP Paribas	6,010	4.19
138,242	Cie de Saint-Gobain	3,619	2.52
		9,629	6.71
Canada 6.54% (December 2017: 0.00%)			
177,107	Nutrien	6,528	4.55
40,748	West Fraser Timber	1,580	1.10
1,388,535	Guyana Goldfields	1,277	0.89
		9,385	6.54

* Unquoted investments.

Portfolio Statement

as at 31 December 2018

Holdings	Description	Market Value £'000	% of Net Assets
Germany 6.14% (December 2017: 9.94%)			
138,531	TAG Immobilien	2,476	1.73
212,245	Deutsche Konsum REIT**	1,924	1.34
76,051	Deutsche Post	1,632	1.14
12,931	Continental	1,401	0.98
23,367	Creditshel	1,366	0.95
		8,799	6.14
Italy 5.78% (December 2017: 6.37%)			
6,565,556	Telecom Italia	2,848	1.99
314,013	UniCredit	2,789	1.94
7,081,181	Telecom Italia Savings Shares	2,650	1.85
		8,287	5.78
Japan 5.12% (December 2017: 16.81%)			
244,500	Mitsui Fudosan	4,278	2.98
117,718	Sumitomo Mitsui Financial	3,071	2.14
		7,349	5.12
China 4.07% (December 2017: 0.00%)			
185,400	Tencent	5,838	4.07
		5,838	4.07
Netherlands 3.86% (December 2017: 1.57%)			
654,943	ING	5,532	3.86
		5,532	3.86
India 3.47% (December 2017: 0.00%)			
900,522	Bharti Airtel Participatory Note	3,163	2.21
497,054	ICICI Prudential Life Insurance Participatory Note	1,810	1.26
		4,973	3.47
Belgium 3.23% (December 2017: 0.00%)			
559,196	Euronav	3,122	2.18
130,576	Ion Beam Applications	1,505	1.05
		4,627	3.23
Ireland 2.99% (December 2017: 0.00%)			
206,855	CRH	4,284	2.99
		4,284	2.99
Switzerland 2.65% (December 2017: 2.20%)			
75,821	Cie Financiere Richemont	3,805	2.65
		3,805	2.65

** Real Estate Investment Trust (REIT).

Portfolio Statement

as at 31 December 2018

Holdings	Description	Market Value £'000	% of Net Assets
	Norway 1.00% (December 2017: 0.00%)		
1,280,393	FLEX LNG	1,434	1.00
		1,434	1.00
	Australia 0.92% (December 2017: 0.00%)		
191,917	Afterpay Touch	1,315	0.92
		1,315	0.92
	Total Investments	135,254	94.29
	Net other assets	8,186	5.71
	Total net assets	143,440	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 2018

Major Purchases	Cost £'000	Major Sales	Proceeds £'000
Lennar	8,992	Commerzbank	14,952
UniCredit	7,344	Orange	13,314
Mondelez International	7,174	Credit Suisse	10,151
BNP Paribas	7,015	Engie	9,402
ING	7,005	Royal Bank of Scotland	9,171
Halliburton	5,904	BP	9,118
Tencent	5,878	Pearson	8,570
United Parcel Service	5,851	Newmont Mining	8,480
Nutrien	5,771	Secom	6,745
CRH	5,756	RWE	6,663
Marks & Spencer	4,872	Citigroup	6,643
International Business Machines	4,829	General Electric	5,816
Fujitsu	4,772	Mitsubishi UFJ Financial	5,432
Cie de Saint-Gobain	4,550	Sumitomo Mitsui Financial	5,292
Telefonica	4,443	Sacyr	5,196
Unilever	4,332	Mondelez International	5,118
AngloGold Ashanti	4,202	Vivendi	4,855
Cie Financiere Richemont	3,968	Halliburton	4,584
Euronav	3,909	Resona	4,520
Bharti Airtel Participatory Note	3,896	Intuit	4,090
Total purchases for the year	196,658	Total sales for the year	246,887

Statement of Total Return

for the year ended 31 December 2018

	Notes	31 December 2018		31 December 2017	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(49,485)		20,696
Revenue	3	4,548		9,847	
Expenses	4	(2,367)		(6,074)	
Interest payable and similar charges		(253)		(36)	
Net revenue before taxation		1,928		3,737	
Taxation	5	(268)		(441)	
Net revenue after taxation			1,660		3,296
Total return before distribution			(47,825)		23,992
Distribution	6		(1,660)		(3,296)
Change in net assets attributable to shareholders from investment activities			(49,485)		20,696

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2018

	31 December 2018		31 December 2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		463,970		575,024
Amounts receivable on creation of shares	6,662		42,942	
In-specie creation*	55,010		–	
Less: Amounts payable on cancellation of shares	(72,912)		(177,189)	
In-specie cancellation**	(260,658)		–	
		(271,898)		(134,247)
Change in net assets attributable to shareholders from investment activities		(49,485)		20,696
Retained distribution on accumulation shares		853		2,497
Closing net assets attributable to shareholders		143,440		463,970

* Amounts received from GAM International Growth & Value Fund.

** Amounts paid to GAM Global Eclectic Equity.

Balance Sheet

as at 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
Assets:			
Fixed Assets:			
Investments		135,254	371,538
Current assets:			
Debtors	7	2,619	282
Cash and bank balances	8	6,949	97,239
Total assets		144,822	469,059
Liabilities:			
Creditors:			
Bank overdrafts		–	(2,098)
Distribution payable		(657)	(366)
Other creditors	9	(725)	(2,625)
Total other liabilities		(1,382)	(5,089)
Net Assets Attributable to Shareholders		143,440	463,970

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 2018 and 31 December 2017:

Valuation technique	31 December 2018		31 December 2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	134,894	–	371,538	–
Level 2	–	–	–	–
Level 3	360	–	–	–
Total investments at fair value	135,254	–	371,538	–

2. Net capital (losses)/gains

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

	31 December 2018 £'000	31 December 2017 £'000
Non-derivative securities	(47,407)	27,990
Forward foreign exchange currency contracts	221	1,123
Currency losses	(2,332)	(8,404)
Handling charges	(10)	(13)
Class action proceeds	43	–
Net capital (losses)/gains	(49,485)	20,696

3. Revenue

	31 December 2018 £'000	31 December 2017 £'000
UK dividends	370	419
Overseas dividends	3,759	5,744
Bank interest	25	10
Overseas scrip dividends	–	1,094
UK scrip dividends	394	2,068
Short term interest	–	512
Total revenue	4,548	9,847

Notes to the Financial Statements

4. Expenses

	31 December 2018 £'000	31 December 2017 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	2,278	5,969
Payable to the Depositary's, associates of the Depositary's, and agents of either of them:		
Depositary's fees	36	73
Safekeeping charge	7	34
Other expenses:		
Audit fees	14	16
Registration fees	(1)	10
Other	33	(28)
Total expenses	2,367	6,074

5. Taxation

	31 December 2018 £'000	31 December 2017 £'000
a) Analysis of tax charge in the year:		
Overseas tax	268	441
Total current tax (note 5b)	268	441
b) Factors affecting current tax charge for the year:		
The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2017: 20%). The differences are explained below:		
Net revenue before taxation	1,928	3,737
Corporation tax of 20% (2017: 20%)	386	747
Effects of:		
UK dividends	(74)	(84)
Non-taxable scrip dividends	(79)	(633)
Revenue not subject to taxation	(751)	(1,142)
Movement in excess management expenses	518	1,112
Overseas tax	268	441
Current tax charge for year (note 5a)	268	441

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 £10,966,122 (2017: £10,448,417) relating to surplus management expenses. No deferred tax asset was recognised in the prior year as 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:

	31 December 2018 £'000	31 December 2017 £'000
Final	1,510	2,863
Add: Revenue deducted on cancellation of shares	226	512
Deduct: Revenue received on creation of shares	(76)	(79)
Net distribution for the year	1,660	3,296

Notes to the Financial Statements

7. Debtors

	31 December 2018 £'000	31 December 2017 £'000
Sales awaiting settlement	1,990	–
Amounts receivable for issue of shares	45	43
Accrued revenue	153	67
Overseas tax recoverable	431	172
Total debtors	2,619	282

8. Cash and bank balances

	31 December 2018 £'000	31 December 2017 £'000
Cash and bank balances	6,944	18,193
Short term deposits	5	79,046
Total cash and bank balances	6,949	97,239

9. Creditors

	31 December 2018 £'000	31 December 2017 £'000
Amounts payable for cancellation of shares	487	2,047
Accrued expenses	238	578
Total creditors	725	2,625

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	1 January 2018 Opening shares in issue	Issued	Redeemed	31 December 2018 Closing shares in issue
A Class – Income Shares	330,748	7,705	(36,682)	301,771
A Class – Accumulation Shares	1,470,934	8,831	(819,771)	659,994
Z Class – Income Shares	–	563,456	(17,026)	546,430
Z Class – Accumulation Shares	–	3,196,380	(109,505)	3,086,875
II Class – Accumulation Shares	–	1,179,761	(27,153)	1,152,608
Institutional Class – Income Shares	2,377,956	124,986	(168,175)	2,334,767
Institutional Class – Accumulation Shares	15,869,952	468,062	(14,496,950)	1,841,064

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

11. Related party transactions

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

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

At the year end accrued expenses included amounts owing to the ACD of £131,907 (2017: £426,339). 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.

Notes to the Financial Statements

12. Share classes

The Fund has seven 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
Z Class – Income Shares:	0.45
Z Class – Accumulation Shares:	0.45
II Class – Accumulation Shares:	0.85
Institutional Class – Income Shares:	1.05
Institutional Class – 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 21 to 24.

The distribution per share class is given in the Distribution Tables on pages 25 and 26.

13. Capital commitments and contingent liabilities

On 31 December 2018, the Fund had no capital commitments (2017: £nil) and no contingent liabilities (2017: £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 Value at Risk (VaR) approach.

The VaR is an estimate of the maximum loss the Fund may experience over any one week, with a probability of 95%. The VaR is calculated by an external price provider using the historical simulation method using weekly historical pricing data for the underlying securities. The VaR of the portfolio is stress tested on a fortnightly basis by running the VaR using current holdings against historical events. The VaR cannot take account of the fact that future market price movements may bear no relation to historical patterns as future market conditions could vary significantly from those experienced in the past.

For GAM Global Diversified the VaR as at 31 December 2018 was 7.27% (2017: 4.66%). The maximum VaR, minimum VaR and average VaR for the year to 31 December 2018 was 7.98%, 3.98% and 5.79% (2017: 6.89%, 3.77% and 5.02%). VaR is expressed as a % of NAV.

(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 31 December 2018 £'000	Currency exposure 31 December 2017 £'000
Australian dollar	1,316	–
Canadian dollar	9,390	–
Euro	39,229	133,286
Hong Kong dollar	5,838	–
Japanese yen	7,349	80,012
Norwegian krone	1,454	18
South African rand	–	8,239
Swedish krona	3	3,635
Swiss franc	4,021	10,228
US dollar	56,982	154,719
	125,582	390,137

A 10% increase/decrease in the GBP exchange rate against all other currencies, assuming all other factors remained the same, would have a £11,416,493 decrease and £13,953,492 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 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 2018	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	487	–
Accrued expenses	238	–
Distribution payable on income shares	–	657
Net assets attributable to shareholders	143,440	–
	144,165	657

As at 31 December 2017	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	2,047	–
Accrued expenses	578	–
Distribution payable on income shares	–	366
Net assets attributable to shareholders	463,970	–
	466,595	366

(d) Redemption risk

The main liability of the Fund is the redemption of any shares that investors wish to sell. Large redemptions of shares might result in 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 a credit risk on counterparties with whom it trades and may bear the risk of settlement default. Counterparty risk is limited in that most securities are settled on delivery against payment in the recognised clearing systems and the risk of default is considered minimal as security delivery and payment are simultaneous.

At 31 December 2018 the Fund held cash deposits of £6,943,719 (2017: £18,192,872) with J.P. Morgan Europe Limited, £5,142 (2017: £79,046,292) with ABN AMRO. The credit risk to the Funds is the risk that the counterparties default on their obligation to repay the funds. 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 the notes to the financial statements. Otherwise, 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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Equities	248,741	190,963	438,042	309,029
Trades in the year before transaction costs	248,741	190,963	438,042	309,029
Commissions				
Equities	76	249	(107)	(440)
Total commissions	76	249	(107)	(440)
Taxes				
Equities	239	167	(6)	(3)
Total taxes	239	167	(6)	(3)
Total costs	315	416	(113)	(443)
Total net trades in the year after transaction costs	249,056	191,379	437,929	308,586

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

	Purchases		Sales	
	2018 %	2017 %	2018 %	2017 %
Commissions				
Equities	0.03	0.13	(0.02)	(0.14)
Taxes				
Equities	0.10	0.09	(0.00)	0.00
			2018 %	2017 %
Commissions			0.08	0.13
Taxes			0.11	0.03
Total costs			0.19	0.16

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.16% (2017: 0.27%).

16. Events during the year

Ali Miremadi replaced Andrew Green as Manager of GAM Global Diversified with effect from 12 February 2018.

On 26 February 2018, an in-specie transfer of assets from GAM Global Diversified to GAM Global Eclectic Equity occurred to allow for the launch of GAM Global Eclectic Equity.

On 26 July 2018, GAM International Growth & Value (a sub-fund of GAM Growth & Value Funds) merged with GAM Global Diversified. The merger was proposed as both funds were managed by the same portfolio managers, very similar investment universe, investment objective and policy. The merger was completed by the transfer of assets from GAM International Growth & Value to GAM Global Diversified.

17. Events after the Balance Sheet date

On 12 April 2019 Kevin Kruczynski was appointed as co-investment manager to the Fund.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)	2017 (p)	2016 (p)
A Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	3,893.23	3,746.45	2,909.70
Return before operating charges*	(743.02)	215.49	894.43
Operating charges	(55.56)	(58.53)	(49.18)
Return after operating charges*	(798.58)	156.96	845.25
Distributions on income shares	(28.66)	(10.18)	(8.50)
Closing net asset value per share	3,065.99	3,893.23	3,746.45
* including direct transaction costs of:	6.84	6.29	10.25
Performance			
Return after charges	(20.51%)	4.19%	29.05%
Other information			
Closing net asset value (£'000)	9,252	12,877	14,345
Closing number of shares	301,771	330,748	382,884
Operating charges	1.52%	1.52%	1.56%
Direct transaction costs	0.19%	0.16%	0.33%
Prices			
Highest share price	4,025.31	4,050.92	3,783.59
Lowest share price	3,076.34	3,660.75	2,692.40
	2018 (p)	2017 (p)	2016 (p)
A Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	5,200.77	4,991.62	3,860.30
Return before operating charges*	(991.59)	287.23	1,196.90
Operating charges	(74.99)	(78.08)	(65.58)
Return after operating charges*	(1,066.58)	209.15	1,131.32
Distributions on accumulation shares	(35.35)	(13.07)	(11.15)
Retained distributions on accumulation shares	35.35	13.07	11.15
Closing net asset value per share	4,134.19	5,200.77	4,991.62
* including direct transaction costs of:	9.23	8.38	13.67
Performance			
Return after charges	(20.51%)	4.19%	29.31%
Other information			
Closing net asset value (£'000)	27,286	76,500	102,343
Closing number of shares	659,994	1,470,934	2,050,297
Operating charges	1.52%	1.52%	1.56%
Direct transaction costs	0.19%	0.16%	0.33%
Prices			
Highest share price	5,377.46	5,397.30	5,029.69
Lowest share price	4,109.73	4,877.45	3,579.13

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (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*	(164.57)
Operating charges	(1.93)
Return after operating charges*	(166.50)
Distributions on income shares	(5.11)
Closing net asset value per share	828.39
* including direct transaction costs of:	1.78
Performance	
Return after charges	(16.65%)
Other information	
Closing net asset value (£'000)	4,527
Closing number of shares	546,430
Operating charges	0.47%
Direct transaction costs	0.19%
Prices	
Highest share price	1,023.88
Lowest share price	828.33
	2018 (p)
Z Class – Accumulation Shares⁽¹⁾	
Change in net assets per share	
Opening net asset value per share	1,000.00
Return before operating charges*	(164.56)
Operating charges	(1.93)
Return after operating charges*	(166.49)
Distributions on accumulation shares	(5.11)
Retained distributions on accumulation shares	5.11
Closing net asset value per share	833.51
* including direct transaction costs of:	1.78
Performance	
Return after charges	(16.65%)
Other information	
Closing net asset value (£'000)	25,729
Closing number of shares	3,086,875
Operating charges	0.47%
Direct transaction costs	0.19%
Prices	
Highest share price	1,023.88
Lowest share price	828.33

⁽¹⁾ Share class launched on 26 July 2018.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)		
II Class – Accumulation Shares⁽¹⁾			
Change in net assets per share			
Opening net asset value per share	1,000.00		
Return before operating charges*	(164.38)		
Operating charges	(3.57)		
Return after operating charges*	(167.95)		
Distributions on accumulation shares	(3.47)		
Retained distributions on accumulation shares	3.47		
Closing net asset value per share	832.05		
* including direct transaction costs of:	1.78		
Performance			
Return after charges	(16.80%)		
Other information			
Closing net asset value (£'000)	9,590		
Closing number of shares	1,152,608		
Operating charges	0.87%		
Direct transaction costs	0.19%		
Prices			
Highest share price	1,023.72		
Lowest share price	826.98		
	2018 (p)	2017 (p)	2016 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	2,001.14	1,925.43	1,501.51
Return before operating charges*	(383.13)	110.93	454.02
Operating charges	(20.12)	(21.23)	(18.27)
Return after operating charges*	(403.25)	89.70	435.75
Distributions on income shares	(23.26)	(13.99)	(11.83)
Closing net asset value per share	1,574.63	2,001.14	1,925.43
* including direct transaction costs of:	3.52	3.24	5.36
Performance			
Return after charges	(20.15%)	4.66%	29.02%
Other information			
Closing net asset value (£'000)	36,764	47,586	59,687
Closing number of shares	2,334,767	2,377,956	3,099,905
Operating charges	1.07%	1.07%	1.11%
Direct transaction costs	0.19%	0.16%	0.33%
Prices			
Highest share price	2,069.36	2,089.81	1,952.02
Lowest share price	1,588.24	1,883.95	1,383.65

⁽¹⁾ Share class launched on 26 July 2018.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)	2017 (p)	2016 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	2,060.53	1,968.82	1,515.77
Return before operating charges*	(393.73)	113.45	471.49
Operating charges	(21.45)	(21.74)	(18.44)
Return after operating charges*	(415.18)	91.71	453.05
Distributions on accumulation shares	(22.93)	(14.52)	(12.00)
Retained distributions on accumulation shares	22.93	14.52	12.00
Closing net asset value per share	1,645.35	2,060.53	1,968.82
* including direct transaction costs of:	3.75	3.31	5.40
Performance			
Return after charges	(20.15%)	4.66%	29.89%
Other information			
Closing net asset value (£'000)	30,292	327,007	398,650
Closing number of shares	1,841,064	15,869,952	20,248,155
Operating charges	1.07%	1.07%	1.11%
Direct transaction costs	0.19%	0.16%	0.33%
Prices			
Highest share price	2,130.78	2,136.90	1,983.81
Lowest share price	1,635.41	1,926.40	1,406.11

Distribution Tables

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2018

Group 2 Final Shares purchased between 1 January 2018 and 31 December 2018

A Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	28.6600	–	28.6600	10.1800
Group 2	(p)	(p)	(p)	(p)
Final	16.9000	11.7600	28.6600	10.1800

A Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	35.3500	–	35.3500	13.0700
Group 2	(p)	(p)	(p)	(p)
Final	25.2100	10.1400	35.3500	13.0700

Z Class – Income Shares⁽¹⁾

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	5.1100	–	5.1100	n/a
Group 2	(p)	(p)	(p)	(p)
Final	5.0800	0.0300	5.1100	n/a

Z Class – Accumulation Shares⁽¹⁾

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	5.1100	–	5.1100	n/a
Group 2	(p)	(p)	(p)	(p)
Final	5.1100	–	5.1100	n/a

II Class – Accumulation Shares⁽¹⁾

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	3.4700	–	3.4700	n/a
Group 2	(p)	(p)	(p)	(p)
Final	3.4500	0.0200	3.4700	n/a

⁽¹⁾ Share class launched on 26 July 2018.

Distribution Tables

Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	23.2600	–	23.2600	13.9900
Group 2	(p)	(p)	(p)	(p)
Final	10.5800	12.6800	23.2600	13.9900

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	22.9300	–	22.9300	14.5200
Group 2	(p)	(p)	(p)	(p)
Final	6.7000	16.2300	22.9300	14.5200

Equalisation

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

Manager: Gordon Grender

Commentary (unaudited)

The Fund's NAV fell 4.0% (as measured by the A class) during 2018 versus the S&P 500 Index in GBP which rose 1.5%.

The US stock market finally ended its streak of 13 consecutive monthly gains during the first quarter, as investors globally switched into risk-off mode. Sentiment was initially buffeted when the US Department of Labor released a strong jobs report showing wages rising at their fastest rate since the Great Recession, which reignited inflationary fears. Subsequently, in his inaugural testimony to Congress, newly-appointed Fed Governor Powell presented an upbeat assessment of the strength of the domestic economy as well as a more hawkish stance than his predecessor, putting into play the prospect of more than the anticipated three rate hikes for the year. The market environment during February served as a timely reminder that expectations of Fed policy shifts are a key factor in determining not only US, but global, investor sentiment. Despite posting marginally negative returns, the fund outperformed its benchmark in the first quarter. Rewarding stock picking proved the key driver, with selection in the financials, consumer staples and healthcare sectors adding the most value. Infinity Property and Casualty headed the list of performance contributors in February, with shares in this auto insurer surging by around 20% over the month in stark contrast to the broader market trend. At the other end of the scale, shares in AutoZone, a specialty retailer of auto replacement parts, succumbed to a bout of sharp profit taking as the month drew to a close, breaking a strong rising trend which stretched back over six months or more. As we have asserted previously, equity valuations have been stretched for a while, but share prices have the capacity to rise further if earnings momentum justifies it. However, the fact that monetary policy is now unpredictable, having been entirely transparent for many years, could prove the proverbial fly in the ointment for this thesis. The economy is growing, albeit slowly, but equity valuations rely on subdued interest rates to be considered attractive. As such, the concept of fundamentally based investing, rather than simply 'buying the market', is likely to gain increasing emphasis.

Trade pressures continued to weigh on markets in the second quarter, with the more cyclical sectors such as financials and industrials lagging, and the more defensive areas such as consumer staples and utilities faring relatively well. Overall the market was in positive territory. Our outlook for US equities remains broadly positive, though we are cognisant of the fact that several years into an expansionary phase of the economic cycle, valuations are elevated across the market. While there are many reasons to be positive, given the impact of tax reform on an already strong macroeconomic environment, many economic commentators are getting increasingly nervous over the prospects for the US economy two years down the road, as the likely impact of rising rates takes effect and the pro-growth policies start to wash through. The recent

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

The third quarter was positive for US equities, with the S&P 500 index up from previous quarter. Macro indicators continue to point towards the US being in robust economic health: the labour market is at full employment and economic growth is running ahead of most of the rest of the developed world. Base rates were lifted to 2.25% at the monthly meeting in September of the Federal Reserve. Also, in the new world of clear central bank guidance, it seems likely that rates will continue to rise so long as there is no disorderly reaction in either asset prices or the underlying economy. More importantly, long-term Treasury yields have now risen above the 3% level (which had acted as a ceiling since early 2014). Thus far, most of the repercussions of increasing positive carry in the US dollar have been felt overseas, with frequently cited pressure on some emerging-market currencies and the ongoing outperformance of US equities compared to most of the rest of the world. However, there are some sector implications within the US: interest-rate sensitive sectors such as real estate have been underperforming, with some economically cyclical sectors such as banks and housebuilders also suffering, perhaps anticipating a slowing economy in the next year or so.

Quarter four was a volatile period for markets. With signs that US growth may be slowing, there was increasing pressure from President Donald Trump on the US Federal Reserve to slow its proposed pace of interest-rate rises. Although a truce was called on the US-China trade war at the start of December, the threat of escalating global trade tensions continues to concern investors. Equity markets across the globe moved downwards over the month and US markets corrected sharply. The fund made a negative return in December, but was ahead of its benchmark. The falling oil price also resulted in Quanta Services, which provides specialty contracting services to the electric power and oil and gas industries, detracting. Performance was supported by consumer discretionary business, Autozone, which supplies car parts and accessories, and metals and chemicals manufacturer, Synalloy.

The top holdings contributing to performance during 2018 were Phillips, LSC and Conns. The bottom holdings were WR Berkley, Kemper and Fred's.

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2018 %	31 December 2017 %
United States	88.06	93.61
Canada	–	1.02
Net other assets	11.94	5.37
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2018 %	31 December 2017 %
Capital Goods	26.19	27.86
Retailing	15.06	16.61
Insurance	11.21	11.49
Health Care Equipment & Services	9.18	9.47
Energy	7.57	8.20
Food Beverage & Tobacco	6.14	4.31
Materials	5.91	10.47
Household & Personal Products	4.81	4.35
Semiconductors & Semiconductor Equipment	1.05	0.99
Commercial & Professional Services	0.51	0.32
Diversified Financials	0.16	0.16
Real Estate	0.14	0.13
Pharmaceuticals & Biotechnology	0.13	0.27
Net other assets	11.94	5.37
Total net assets	100.00	100.00

Analysis, by investment	31 December 2018 %	31 December 2017 %
Equity Quoted	88.06	94.63
Net other assets	11.94	5.37
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.

- 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.
- The Fund is assigned to the category indicated above because of the fluctuations in its value in the past.
- The lowest category does not mean 'risk free'.
- The Fund does not offer any capital guarantee or assurance that the investor will receive a fixed amount when redeeming.

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

- **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.
- **Equity:** investments in equities (directly or indirectly via derivatives) may be subject to significant fluctuations in value.
- **Investment Positions:** positions may increase in size relative to the size of the Fund. The risk is monitored by regularly adapting positions.

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund – please refer to www.gam.com for how to obtain a copy.

Portfolio Statement

as at 31 December 2018

Holdings	Description	Market Value £'000	% of Net Assets
United States			
Capital Goods 26.19% (December 2017: 27.86%)			
230,000	ESCO Technologies	11,910	6.74
50,000	Northrop Grumman	9,614	5.44
45,000	Lockheed Martin	9,252	5.24
325,000	Quanta Services	7,681	4.35
200,000	DXP Enterprises	4,372	2.47
100,000	Owens Corning	3,453	1.95
		46,282	26.19
Retailing 15.06% (December 2017: 16.61%)			
14,500	AutoZone	9,545	5.40
260,000	Penske Automotive	8,231	4.66
481,857	Conn's	7,136	4.04
1,126,000	Fred's	1,671	0.95
75,000	Christopher & Banks	27	0.01
		26,610	15.06
Insurance 11.21% (December 2017: 11.49%)			
145,000	WR Berkley	8,415	4.76
160,316	Kemper	8,356	4.73
30,000	Chubb	3,043	1.72
		19,814	11.21
Health Care Equipment & Services 9.18% (December 2017: 9.47%)			
90,000	ICU Medical	16,227	9.18
		16,227	9.18
Energy 7.57% (December 2017: 8.20%)			
115,000	Phillips 66	7,779	4.40
300,000	Williams Companies	5,194	2.94
20,845	WPX Energy	186	0.11
180,000	Superior Drilling Products	165	0.09
35,341	Halcon Resources	47	0.03
		13,371	7.57
Food Beverage & Tobacco 6.14% (December 2017: 4.31%)			
155,000	Post	10,847	6.14
		10,847	6.14
Household & Personal Products 4.81% (December 2017: 4.35%)			
164,491	Church & Dwight	8,493	4.81
		8,493	4.81

Portfolio Statement

as at 31 December 2018

Holdings	Description	Market Value £'000	% of Net Assets
	Materials 5.91% (December 2017: 9.45%)		
415,000	Huntsman	6,286	3.56
60,000	Nutrien	2,214	1.25
150,000	Synalloy	1,954	1.10
		10,454	5.91
	Semiconductors & Semiconductor Equipment 1.05% (December 2017: 0.99%)		
143,750	ON Semiconductor	1,864	1.05
		1,864	1.05
	Commercial & Professional Services 0.51% (December 2017: 0.32%)		
20,000	Willdan	549	0.31
66,666	RR Donnelley & Sons	207	0.12
25,000	LSC Communications	137	0.08
		893	0.51
	Diversified Financials 0.16% (December 2017: 0.16%)		
25,000	Donnelley Financial Solution	275	0.16
		275	0.16
	Real Estate 0.14% (December 2017: 0.13%)		
6,000	Consolidated Tomoka Land	247	0.14
		247	0.14
	Pharmaceuticals & Biotechnology 0.13% (December 2017: 0.27%)		
83,940	Insys Therapeutics	231	0.13
		231	0.13
	Software & Services 0.00% (December 2017: 0.00%)		
88,000	Clarent*	–	–
229,449	SoftBrands*	–	–
		–	–
	Canada		
	Materials 0.00% (December 2017: 1.02%)		
	Total Investments	155,608	88.06
	Net other assets	21,095	11.94
	Total net assets	176,703	100.00

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

* Unquoted investments.

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2018

Total Purchases	Cost £'000
Kemper	3,579
Willdan	460
Total purchases for the year	4,039

Total Sales	Proceeds £'000
Infinity Property & Casualty	10,949
Monsanto	9,563
ICU Medical	8,141
Church & Dwight	4,648
Lockheed Martin	3,767
WR Berkley	3,259
Phillips 66	2,539
Northrop Grumman	2,508
ESCO Technologies	2,455
AutoZone	2,139
Penske Automotive	1,496
Quanta Services	1,481
Conn's	915
Huntsman	833
Post	659
Gerber Scientific Contingent Shares	6
Total sales for the year	55,358

Statement of Total Return

for the year ended 31 December 2018

	Notes	31 December 2018		31 December 2017	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(5,519)		10,498
Revenue	3	2,643		3,350	
Expenses	4	(2,253)		(2,652)	
Interest payable and similar charges		(1)		(1)	
Net revenue before taxation		389		697	
Taxation	5	(378)		(491)	
Net revenue after taxation			11		206
Total return before distribution			(5,508)		10,704
Distribution	6		(180)		(370)
Change in net assets attributable to shareholders from investment activities			(5,688)		10,334

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2018

	31 December 2018		31 December 2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		224,220		291,615
Amounts receivable on creation of shares	13,136		26,798	
Less: Amounts payable on cancellation of shares	(55,041)		(104,672)	
		(41,905)		(77,874)
Change in net assets attributable to shareholders from investment activities		(5,688)		10,334
Retained distribution on accumulation shares		76		145
Closing net assets attributable to shareholders		176,703		224,220

Balance Sheet

as at 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
Assets:			
Fixed Assets:			
Investments		155,608	212,189
Current assets:			
Debtors	7	93	1,396
Cash and bank balances	8	21,837	12,607
Total assets		177,538	226,192
Liabilities:			
Creditors:			
Distribution payable		(99)	(189)
Other creditors	9	(736)	(1,783)
Total other liabilities		(835)	(1,972)
Net Assets Attributable to Shareholders		176,703	224,220

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 nonobservable 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 that 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 2018 and 31 December 2017:

Valuation technique	31 December 2018		31 December 2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	155,608	–	212,189	–
Level 2	–	–	–	–
Level 3	–	–	–	–
Total investments at fair value	155,608	–	212,189	–

2. Net capital (losses)/gains

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

	31 December 2018 £'000	31 December 2017 £'000
Non-derivative securities	(5,262)	10,632
Forward foreign exchange currency contracts	–	(38)
Currency losses	(231)	(64)
Handling charges	(26)	(32)
Net capital (losses)/gains	(5,519)	10,498

3. Revenue

	31 December 2018 £'000	31 December 2017 £'000
UK dividends	11	–
Overseas dividends	2,595	3,349
Bank interest	37	1
Total revenue	2,643	3,350

Notes to the Financial Statements

4. Expenses

	31 December 2018 £'000	31 December 2017 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	2,075	2,470
Payable to the Depositary's, associates of the Depositary's, and agents of either of them:		
Depositary's fees	37	39
Safekeeping charge	6	13
Other expenses:		
Audit fees	15	14
Registration fees	–	9
Other	120	107
Total expenses	2,253	2,652

5. Taxation

	31 December 2018 £'000	31 December 2017 £'000
a) Analysis of tax charge in the year:		
Overseas tax	378	491
Total current tax (note 5b)	378	491
b) Factors affecting current tax charge for the year:		
The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2017: 20%). The differences are explained below:		
Net revenue before taxation	389	697
Corporation tax of 20% (2017: 20%)	77	139
Effects of:		
Revenue not subject to taxation	(521)	(670)
Movement in excess management expenses	444	531
Overseas tax	378	491
Current tax charge for year (note 5a)	378	491

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 £5,217,115 (2017: £4,773,229) relating to surplus management expenses. No deferred tax asset was recognised in the prior year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

Notes to the Financial Statements

6. Distribution

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

	31 December 2018 £'000	31 December 2017 £'000
Final	175	334
Add: Revenue deducted on cancellation of shares	7	49
Deduct: Revenue received on creation of shares	(2)	(13)
Net distribution for the year (note 6)	180	370
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	11	206
Income deficit transfer to capital	169	164
Net distribution for the year	180	370

7. Debtors

	31 December 2018 £'000	31 December 2017 £'000
Amounts receivable for issue of shares	50	1,257
Accrued revenue	43	38
Overseas tax recoverable	–	101
Total debtors	93	1,396

8. Cash and bank balances

	31 December 2018 £'000	31 December 2017 £'000
Cash and bank balances	19,319	6,605
Short term deposits	2,518	6,002
Total cash and bank balances	21,837	12,607

9. Creditors

	31 December 2018 £'000	31 December 2017 £'000
Amounts payable for cancellation of shares	369	1,408
Accrued expenses	367	375
Total creditors	736	1,783

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	1 January 2018 Opening shares in issue	Issued	Redeemed	31 December 2018 Closing shares in issue
Income Shares	270,618	1,500	(42,125)	229,993
Accumulation Shares	570,225	12,565	(108,598)	474,192
Institutional Class – Income Shares	4,359,402	273,878	(1,072,337)	3,560,943
Institutional Class – Accumulation Shares	3,339,592	229,884	(865,415)	2,704,061

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

Notes to the Financial Statements

11. Related party transactions

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

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

At the year end accrued expenses included amounts owing to the ACD of £155,108 (2017: £177,892). 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 four share classes.

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

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

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 41 and 42.

The distribution per share class is given in the Distribution Table on page 43. All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 31 December 2018, the Fund had no capital commitments (2017: £nil) and no contingent liabilities (2017: £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 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 Funds and by regularly reviewing and evaluating the Funds' potential exposure to market risk using the Value at Risk (VaR) approach.

The VaR is an estimate of the maximum loss the Fund may experience over any one week, with a probability of 95%. The VaR is calculated by an external price provider using the historical simulation method using weekly historical pricing data for the underlying securities. The VaR of the portfolio is stress tested on a fortnightly basis by running the VaR using current holdings against historical events. The VaR cannot take account of the fact that future market price movements may bear no relation to historical patterns as future market conditions could vary significantly from those experienced in the past.

For GAM North American Growth the VaR as at 31 December 2018 was 8.00% (2017: 5.41%). The maximum VaR, minimum VaR and average VaR for the year to 31 December 2018 was 8.00%, 4.54% and 5.66% (2017: 9.10%, 5.03% and 6.90%). VaR is expressed as a % of NAV.

(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 31 December 2018 £'000	Currency exposure 31 December 2017 £'000
US dollar	171,108	212,470
	171,108	212,470

A 10% increase/decrease in the GBP exchange rate against all other currencies, assuming all other factors remained the same, would have a £15,555,273 decrease and £19,012,000 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.

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 2018	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	369	–
Purchases awaiting settlement	–	99
Accrued expenses	367	–
Net assets attributable to shareholders	176,703	–
	177,439	99

As at 31 December 2017	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	1,408	–
Accrued expenses	375	–
Distribution payable on income shares	–	189
Net assets attributable to shareholders	224,220	–
	226,003	189

(d) Redemption risk

The main liability of the Fund is the redemption of any shares that investors wish to sell. Large redemptions of shares in the Fund might result in 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 a credit risk on counterparties with whom it trades and may bear the risk of settlement default. Counterparty risk is limited in that most securities are settled on delivery against payment in the recognised clearing systems and the risk of default is considered minimal as security delivery and payment are simultaneous.

At 31 December 2018 the Fund held cash deposits of £19,318,856 (2017: £6,604,607) with J.P. Morgan Europe Limited, £2,517,732 (2017: £6,002,145) 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 the notes to the financial statements for each Fund. Otherwise, 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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Equities	4,039	–	55,385	73,298
Trades in the year before transaction costs	4,039	–	55,385	73,298
Commissions				
Equities	–	–	(13)	(96)
Total commissions	–	–	(13)	(96)
Taxes				
Equities	–	–	(1)	(2)
Total taxes	–	–	(1)	(2)
Total costs	–	–	(14)	(98)
Total net trades in the year after transaction costs	4,039	–	55,371	73,200

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

	Purchases		Sales	
	2018 %	2017 %	2018 %	2017 %
Commissions				
Equities	–	–	(0.02)	(0.13)
Taxes				
Equities	–	–	(0.00)	(0.00)

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

	2018 %	2017 %
Commissions	0.01	0.03
Taxes	0.00	0.00
Total costs	0.01	0.03

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.08% (2017: 0.03%).

16. Events after the Balance Sheet date

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)	2017 (p)	2016 (p)
Income Shares			
Change in net assets per share			
Opening net asset value per share	3,753.48	3,577.16	2,547.56
Return before operating charges*	(89.12)	232.75	1,074.87
Operating charges	(62.03)	(56.43)	(45.27)
Return after operating charges*	(151.15)	176.32	1,029.60
Distributions on income shares	–	–	–
Closing net asset value per share	3,602.33	3,753.48	3,577.16
* including direct transaction costs of:	0.25	1.39	0.88
Performance			
Return after charges	(4.03%)	4.93%	40.41%
Other information			
Closing net asset value (£'000)	8,285	10,158	13,308
Closing number of shares	229,993	270,618	372,031
Operating charges	1.60%	1.59%	1.61%
Direct transaction costs	0.01%	0.03%	0.03%
Prices			
Highest share price	4,322.90	3,795.36	3,646.30
Lowest share price	3,468.04	3,380.06	2,259.06
	2018 (p)	2017 (p)	2016 (p)
Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	4,680.59	4,460.72	3,176.81
Return before operating charges*	(111.10)	290.22	1,340.15
Operating charges	(77.39)	(70.35)	(56.24)
Return after operating charges*	(188.49)	219.87	1,283.91
Distributions on accumulation shares	–	–	–
Retained distributions on accumulation shares	–	–	–
Closing net asset value per share	4,492.10	4,680.59	4,460.72
* including direct transaction costs of:	0.31	1.74	1.10
Performance			
Return after charges	(4.03%)	4.93%	40.41%
Other information			
Closing net asset value (£'000)	21,301	26,690	30,575
Closing number of shares	474,192	570,225	685,417
Operating charges	1.60%	1.59%	1.60%
Direct transaction costs	0.01%	0.03%	0.03%
Prices			
Highest share price	5,390.66	4,732.81	4,546.94
Lowest share price	4,324.64	4,214.94	2,817.04

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)	2017 (p)	2016 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	2,421.93	2,298.48	1,637.11
Return before operating charges*	(58.38)	150.38	687.46
Operating charges	(25.09)	(22.60)	(18.62)
Return after operating charges*	(83.47)	127.78	668.84
Distributions on income shares	(2.78)	(4.33)	(7.47)
Closing net asset value per share	2,335.68	2,421.93	2,298.48
* including direct transaction costs of:	0.16	0.90	0.57
Performance			
Return after charges	(3.45%)	5.56%	40.85%
Other information			
Closing net asset value (£'000)	83,173	105,582	136,495
Closing number of shares	3,560,943	4,359,402	5,938,482
Operating charges	1.00%	0.99%	1.02%
Direct transaction costs	0.01%	0.03%	0.03%
Prices			
Highest share price	2,800.46	2,453.28	2,350.14
Lowest share price	2,239.26	2,181.11	1,448.58
	2018 (p)	2017 (p)	2016 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	2,449.13	2,320.15	1,642.51
Return before operating charges*	(59.03)	151.80	696.11
Operating charges	(25.37)	(22.82)	(18.47)
Return after operating charges*	(84.40)	128.98	677.64
Distributions on accumulation shares	(2.82)	(4.34)	(7.74)
Retained distributions on accumulation shares	2.82	4.34	7.74
Closing net asset value per share	2,364.73	2,449.13	2,320.15
* including direct transaction costs of:	0.17	0.91	0.57
Performance			
Return after charges	(3.45%)	5.56%	41.26%
Other information			
Closing net asset value (£'000)	63,944	81,791	111,237
Closing number of shares	2,704,061	3,339,592	4,794,372
Operating charges	1.00%	0.99%	1.01%
Direct transaction costs	0.01%	0.03%	0.03%
Prices			
Highest share price	2,831.92	2,476.41	2,364.61
Lowest share price	2,264.42	2,201.68	1,457.45

Distribution Tables

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2018

Group 2 Final Shares purchased on or between 1 January 2018 and 31 December 2018

Income Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	–
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	–

Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	–
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	–

Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	2.7800	–	2.7800	4.3300
Group 2	(p)	(p)	(p)	(p)
Final	2.5100	0.2700	2.7800	4.3300

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	2.8200	–	2.8200	4.3400
Group 2	(p)	(p)	(p)	(p)
Final	2.1700	0.6500	2.8200	4.3400

Equalisation

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

Manager: Adrian Gosden & Chris Morrison

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

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2018

Major Purchases	Cost £'000	Major Sales	Proceeds £'000
Roche	3,603	Royal Bank Of Scotland	6,432
Total	3,177	Aviva	5,648
Greencore	2,510	Rentokil Initial	4,449
National Express	2,138	BP	4,120
Legal & General	2,009	Rsa Insurance	3,891
Virgin Money UK	1,973	J Sainsbury	3,852
Imperial Brands	1,972	Royal Mail	3,366
Pennon	1,797	BT	3,251
Strix	1,694	Lloyds Banking	2,303
Babcock International	1,629	Pearson	2,262
Phoenix	1,628	Marks & Spencer	2,227
Shoe Zone	1,605	Centrica	2,207
Direct Line Insurance	1,594	Standard Chartered	2,163
Micro Focus International	1,569	Smiths	2,109
John Wood	1,552	Serco	2,058
G4S	1,528	Barclays	1,989
Senior	1,502	Wm Morrison Supermarkets	1,957
BT	1,458	British Land	1,807
Laird	1,455	Total	1,615
Morgan Advanced Materials	1,433	Roche	1,611
Total purchases for the year	58,587	Total sales for the year	91,960

Statement of Total Return

for the year ended 31 December 2018

	Notes	31 December 2018		31 December 2017	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(2,757)		7,595
Revenue	3	1,400		6,038	
Expenses	4	(543)		(2,846)	
Interest payable and similar charges		(3)		(1)	
Net revenue before taxation		854		3,191	
Taxation	5	(28)		(48)	
Net revenue after taxation			826		3,143
Total return before equalisation/distribution			(1,931)		10,738
Equalisation/Distribution	6		(826)		(3,144)
Change in net assets attributable to shareholders from investment activities			(2,757)		7,594

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2018

	31 December 2018		31 December 2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		92,964		286,856
In-specie transfer*	(47,884)			–
Amounts receivable on creation of shares	552		36,992	
Less: Amounts payable on cancellation of shares	(42,888)		(239,401)	
		(90,220)		(202,409)
Dilution levy		13		–
Change in net assets attributable to shareholders from investment activities		(2,757)		7,594
Retained distribution on accumulation shares		–		923
Closing net assets attributable to shareholders		–		92,964

*Amounts paid to GAM UK Equity Income.

Balance Sheet

as at 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
Assets:			
Fixed Assets:			
Investments		–	79,637
Current assets:			
Debtors	7	–	417
Cash and bank balances	8	153	20,104
Total assets		153	100,158
Liabilities:			
Creditors:			
Distribution payable		–	(240)
Other creditors	9	(153)	(6,954)
Total other liabilities		(153)	(7,194)
Net Assets Attributable to Shareholders		–	92,964

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 2018 and 31 December 2017. The Fund merged with GAM UK Equity Income on 2 August 2018 and as a result there are no investments measured at fair value as at 31 December 2018.

Valuation technique	31 December 2018		31 December 2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	–	–	79,637	–
Level 2	–	–	–	–
Level 3	–	–	–	–
Total investments at fair value	–	–	79,637	–

2. Net capital (losses)/gains

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

	31 December 2018 £'000	31 December 2017 £'000
Non-derivative securities	(2,743)	8,150
Forward foreign exchange currency contracts	(5)	(278)
Currency losses	(12)	(253)
Handling charges	(13)	(24)
Class action proceeds	16	–
Net capital (losses)/gains	(2,757)	7,595

3. Revenue

	31 December 2018 £'000	31 December 2017 £'000
UK dividends	828	1,119
Overseas dividends	251	471
Property revenue from UK REITs – PID	72	95
Property revenue from overseas REITs	–	247
Bank interest	–	1
Interest on debt securities	10	–
UK scrip dividends	239	4,105
Total revenue	1,400	6,038

Notes to the Financial Statements

4. Expenses

	31 December 2018 £'000	31 December 2017 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	424	2,560
Payable to the Depositary's, associates of the Depositary's, and agents of either of them:		
Depositary's fees	6	35
Safekeeping charge	6	17
Other expenses:		
Audit fees	13	16
Registration fees	–	9
Other	96	209
Total expenses	543	2,846

5. Taxation

	31 December 2018 £'000	31 December 2017 £'000
a) Analysis of tax charge in the year:		
Overseas tax	28	48
Total current tax (note 5b)	28	48

b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2017: 20%). The differences are explained below:

Net revenue before taxation	854	3,191
Corporation tax of 20% (2017: 20%)	171	638
Effects of:		
UK dividends	(166)	(224)
Non-taxable scrip dividends	(48)	(821)
Revenue not subject to taxation	(50)	(94)
Movement in excess management expenses	93	510
Overseas tax	28	48
Property revenue from UK REITs – Non PID	–	(9)
Current tax charge for year (note 5a)	28	48

c) Deferred taxation:

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

Notes to the Financial Statements

6. Equalisation/Distribution

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

	31 December 2018 £'000	31 December 2017 £'000
Final	–	1,163
Add: Revenue deducted on cancellation of shares	828	2,175
Deduct: Revenue received on creation of shares	(2)	(194)
Net equalisation/distribution for the year	826	3,144
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	826	3,143
Income brought forward	–	1
Net equalisation/distribution for the year	826	3,144

7. Debtors

	31 December 2018 £'000	31 December 2017 £'000
Amounts receivable for issue of shares	–	10
Accrued revenue	–	400
Dilution levy receivable	–	3
Overseas tax recoverable	–	4
Total debtors	–	417

8. Cash and bank balances

	31 December 2018 £'000	31 December 2017 £'000
Cash and bank balances	153	2,794
Short term deposits	–	17,310
Total cash and bank balances	153	20,104

9. Creditors

	31 December 2018 £'000	31 December 2017 £'000
Purchases awaiting settlement	–	1
Amounts payable for cancellation of shares	–	6,606
Accrued expenses	153	347
Total creditors	153	6,954

Notes to the Financial Statements

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	1 January 2018 Opening shares in issue	Issued	Redeemed	31 December 2018 Closing shares in issue
Income Shares	435,188	2,636	(437,824)	–
Accumulation Shares	982,955	2,869	(985,824)	–
Institutional Class – Income Shares	841,678	3,127	(844,805)	–
Institutional Class – Accumulation Shares	3,130,179	25,826	(3,156,005)	–

11. Related party transactions

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

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

At the year end accrued expenses included amounts owing to the ACD of £nil (31 December 2017: £104,227). 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 closed on 2 August 2018 and has no open share classes.

13. Capital commitments and contingent liabilities

On 31 December 2018, the Fund had no capital commitments (2017: £nil) and no contingent liabilities (2017: £nil).

14. Derivatives and other financial instruments

The main risks arising from the Funds’ 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 Value at Risk (VaR) approach.

The VaR is an estimate of the maximum loss the Fund may experience over any one week, with a probability of 95%. The VaR is calculated by an external price provider using the historical simulation method using weekly historical pricing data for the underlying securities. The VaR of the portfolio is stress tested on a fortnightly basis by running the VaR using current holdings against historical events. The VaR cannot take account of the fact that future market price movements may bear no relation to historical patterns as future market conditions could vary significantly from those experienced in the past.

For GAM UK Diversified the VaR as at 2 August 2018 was 4.50% (2017: 3.61%). The maximum VaR, minimum VaR and average VaR for the period to 2 August 2018 was 6.69%, 3.29% and 4.56% (2017: 6.81%, 3.31% and 4.70%). VaR is expressed as a % of NAV.

Notes to the Financial Statements

(b) Foreign currency risk

A portion of the financial assets of the Fund were denominated in currencies other than the base currency of the Fund with the effect that the balance sheet and total return could have been 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 31 December 2018 £'000	Currency exposure 31 December 2017 £'000
Canadian dollar	–	559
Euro	–	4
	–	563

(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 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 2018	< 1 month £'000	1-3 months £'000
Accrued expenses	153	–
	153	–
As at 31 December 2017	< 1 month £'000	1-3 months £'000
Amounts payable for cancellation of shares	6,606	–
Purchases awaiting settlement	1	–
Accrued expenses	347	–
Distribution payable on income shares	–	240
Net assets attributable to shareholders	92,964	–
	99,918	240

(d) Redemption risk

The main liability of the Fund was the redemption of any shares that investors wish to sell. Large redemptions of shares in the Fund might have resulted 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 have disposed of those assets.

(e) Credit risk

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

At 31 December 2018 the Fund held cash deposits of £153,369 (2017: £2,793,112) with J.P. Morgan Europe Limited, £Nil (2017: £17,310,468) with ABN AMRO. The credit risk to the Fund is the risk that the counterparties default on their obligation to repay the Fund. The Funds manage this credit risk by only holding deposits with approved brokers that belong to an internationally recognised financial services firm.

The Investment Adviser managed credit risk for derivative transactions by only using approved brokers that belonged to an internationally recognised financial services firm or alternatively commanded 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. Otherwise, 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 Funds were 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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Equities	57,532	78,734	134,708	251,677
Bonds	804	–	804	–
Trades in the year before transaction costs	58,336	78,734	135,512	251,677
Commissions				
Equities	23	116	(32)	(323)
Total commissions	23	116	(32)	(323)
Taxes				
Equities	227	343	–	–
Total taxes	227	343	–	–
Total costs	250	459	(32)	(323)
Total net trades in the year after transaction costs	58,586	79,193	135,480	251,354

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

	Purchases		Sales	
	2018 %	2017 %	2018 %	2017 %
Commissions				
Equities	0.04	0.15	(0.02)	(0.13)
Taxes				
Equities	0.39	0.44	(0.00)	(0.00)

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

	2018 %	2017 %
Commissions	0.09	0.19
Taxes	0.39	0.15
Total costs	0.48	0.34

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (2017: 0.44%).

16. Events during the year

Adrian Gosden and Chris Morrison replaced Andrew Green as Manager of GAM UK Diversified with effect from 1 January 2018.

On 2 August 2018, GAM UK Diversified merged with GAM UK Equity Income. The merger was proposed as both funds were managed by the same portfolio managers, very similar investment universe, investment objective and policy. The merger was completed by the transfer of assets from GAM UK Diversified to GAM UK Equity Income.

17. Events after the Balance Sheet date

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)	2017 (p)	2016 (p)
A Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	1,354.39	1,304.51	1,124.87
Return before operating charges*	(15.86)	84.70	212.67
Operating charges	–	(21.99)	(18.65)
Return after operating charges*	(15.86)	62.71	194.03
Distributions	–	(12.83)	(14.38)
Return to shareholder as a result of class closure	(1,338.53)		
Closing net asset value per share	–	1,354.39	1,304.51
* including direct transaction costs of:	6.33	4.55	7.50
Performance			
Return after charges	(1.17%)	4.81%	17.25%
Other information			
Closing net asset value (£'000)	–	5,894	6,688
Closing number of shares	–	435,188	512,674
Operating charges	–%	1.64%	1.59%
Direct transaction costs	0.48%	0.34%	0.64%
Prices			
Highest share price	–	1,374.28	1,318.89
Lowest share price	–	1,294.75	1,000.92
Fund closed on 10 August 2018.			
	2018 (p)	2017 (p)	2016 (p)
A Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	2,118.70	2,021.52	1,706.32
Return before operating charges*	(24.83)	131.26	343.66
Operating charges	–	(34.08)	(28.46)
Return after operating charges*	(24.83)	97.18	315.20
Distributions	–	(19.85)	(21.28)
Retained distributions on accumulation shares	–	19.85	21.28
Return to shareholder as a result of class closure	(2,093.87)		
Closing net asset value per share	–	2,118.70	2,021.52
* including direct transaction costs of:	9.89	7.05	11.46
Performance			
Return after charges	(1.17%)	4.81%	18.47%
Other information			
Closing net asset value (£'000)	–	20,826	26,262
Closing number of shares	–	982,955	1,299,143
Operating charges	–%	1.64%	1.59%
Direct transaction costs	0.48%	0.34%	0.64%
Prices			
Highest share price	–	2,129.64	2,021.52
Lowest share price	–	2,006.40	1,534.14
Fund closed on 10 August 2018.			

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)	2017 (p)	2016 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	1,566.70	1,508.90	1,307.58
Return before operating charges*	(14.23)	98.15	239.52
Operating charges	–	(18.50)	(15.50)
Return after operating charges*	(14.23)	79.65	224.02
Distributions	–	(21.85)	(22.70)
Return to shareholder as a result of class closure	(1,552.47)		
Closing net asset value per share	–	1,566.70	1,508.90
* including direct transaction costs of:	7.32	5.27	8.68
Performance			
Return after charges	(0.91%)	5.28%	17.13%
Other information			
Closing net asset value (£'000)	–	13,187	23,753
Closing number of shares	–	841,678	1,574,209
Operating charges	-%	1.19%	1.14%
Direct transaction costs	0.48%	0.34%	0.64%
Prices			
Highest share price	–	1,594.03	1,531.60
Lowest share price	–	1,498.18	1,157.77
Fund closed on 10 August 2018.			
	2018 (p)	2017 (p)	2016 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,695.01	1,610.01	1,353.09
Return before operating charges*	(15.40)	104.68	273.55
Operating charges	–	(19.68)	(16.63)
Return after operating charges*	(15.40)	85.00	256.92
Distributions	–	(23.25)	(23.92)
Retained distributions on accumulation shares	–	23.25	23.92
Return to shareholder as a result of class closure	(1,679.61)		
Closing net asset value per share	–	1,695.01	1,610.01
* including direct transaction costs of:	8.01	5.63	9.37
Performance			
Return after charges	(0.91%)	5.28%	18.99%
Other information			
Closing net asset value (£'000)	–	53,057	230,152
Closing number of shares	–	3,130,179	14,295,016
Operating charges	-%	1.18%	1.13%
Direct transaction costs	0.48%	0.34%	0.64%
Prices			
Highest share price	–	1,700.85	1,610.01
Lowest share price	–	1,598.59	1,217.05
Fund closed on 10 August 2018.			

Distribution Tables

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2018

Group 2 Final Shares purchased between 1 January 2018 and 31 December 2018

A Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	12.8300
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	12.8300

A Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	19.8500
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	19.8500

Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	21.8500
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	21.8500

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	23.2500
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	23.2500

Equalisation

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

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

Commentary (unaudited)

The Fund's NAV fell 6.5% (as measured by GBP Institutional Acc. class) during 2018, versus a 2.2% fall by its benchmark, the Barclays Sterling Aggregate Corporate Total Return Index.

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

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

Following the strong 'risk-off' environment in the second quarter, prices continued to be weak, but somewhat stabilised during the third quarter. Concerns regarding trade wars, Italy, and Brexit have continued to dominate the headlines, in addition to developments in Turkey and Argentina. In spite of that, the credit metrics of the issuers within our Fund remain very strong. All of our issuers reported results which were in line with, or better than, expectations during the second quarter earnings season. What we saw across the board was further capital build up, continued de-risking activities and ongoing cost-cutting initiatives. This should lead to further reratings as credit metrics keep on improving. Subordinated debt holders should be benefiting the most from that.

The "risk-off" sentiment continued during the fourth quarter with the backdrop of Brexit, trade wars and the impending end of quantitative easing measures by the central banks. The price of the Fund declined by 2.8% during the quarter, in spite of marginally lower gilt yields and an income of 1.42% generated by the Fund. Throughout the fourth quarter of 2018, while the prices of our bonds fell, the credit strength of the individual companies we invest in has improved. Generally, holdings include investment-grade financial corporate companies yielding 5%-6% and more, and what drives the performance of the Fund over time is the credit quality of the issuers that we hold, combined with the steady and predictable income that we capture from their bonds. Moreover, this income is well above the 1.28% that one can obtain from 10-year government gilt yields. Evidence of credit strength for these banks was shown in December, following the stress tests performed by the Bank of England and the European Banking Authority. Banks performed well overall with an improved aggregate stressed CET1 and a leverage ratio that reflects continued capital accumulation, denoting the strength and resilience of the UK and European banks, plus the banking sector, to such an extent that Royal Bank of Scotland and Barclays felt able to pay back excess capital by calling a number of legacy securities. Fundamentally, we have been seeing a secular theme of further balance-sheet strengthening as well as deleveraging from the financial sector, which is obviously very supportive for subordinated debt-holders. This is not yet to be observed in the price of securities where the relatively new 5.875% HSBC, with either a call at 100% or an interest reset in September 2016 at 4.276% over 5-year swap rates, has declined in price to 95.9%. In our view spreads over 5-year swap rates for HSBC of 4.276% are attractive, and also provide potential upside to call at 100% if at some stage during the next 5 years the market takes on a positive note.

Outlook

We believe current valuations are attractive on both an absolute and relative basis. The level of spread that the portfolio is capturing does not, in our view, reflect the strong fundamentals of the bonds held. As the market normalises, we do expect a sharp price recovery over the next six to 12 months, which should be complementary to the income generated. While we hear many differing forecasts and confusing macro cross currents, for our part we will continue to focus on the simplicity of investing in a highly selective but diversified portfolio of strong individual credits, many of whom are national champions paying higher yields than in 2018, and on collecting coupon income. With credit quality remaining strong and the effect in bonds – which is not there for equities – of pull to par, we believe prices should recover once the dust settles. Fundamentally, a secular theme of further balance sheet strengthening as well as deleveraging from the financial sector is supportive for subordinated debt holders. We believe income will be a strong driver of performance going forward; we should also benefit, at some stage, from capital gains. 2018 was frustrating from a price volatility standpoint. However, given the strong fundamentals of the underlying credits owned and the elevated coupon income flowing into the strategy, we believe the portfolio is well positioned for the next six to 12 months.

The top holdings contributing to performance during the year were Royal Bank of Scotland, Burford Capital and Rothschild. The bottom holdings were General Accident, Aviva and HSBC.

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2018 %	31 December 2017 %
Ireland	100.48	99.97
Net other assets	–	0.03
Net other (liabilities)/assets	(0.48)	0.03
Total net assets	100.00	100.00

Analysis, by investment	31 December 2018 %	31 December 2017 %
Bond Fund	100.48	99.97
Net other assets	–	0.03
Net other (liabilities)/assets	(0.48)	0.03
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.

- 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.
- The lowest category does not mean 'risk free'.
- The Fund does not offer any capital guarantee or assurance that the investor will receive a fixed amount when redeeming.

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

- **Credit Risk/Debt Securities:** bonds may be subject to significant fluctuations in value. Bonds are subject to credit risk and interest rate risk.
- **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.
- **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.
- **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.
- **Concentration Risk:** concentration in a limited number of securities and industry sectors may result in more volatility than investing in broadly diversified funds.

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund – please refer to www.gam.com for how to obtain a copy.

Portfolio Statement

as at 31 December 2018

Holdings	Description	Market Value £'000	% of Net Assets
	Collective Investment Schemes 100.48% (December 2017: 99.97%)		
2,441,783	GAM Star Credit Opportunities Fund GBP Z Acc †	24,800	100.48
	Total Investments	24,800	100.48
	Net other liabilities	(118)	(0.48)
	Total net assets	24,682	100.00

All investments are Collective Investment Scheme unless otherwise stated.

† A related party to the Fund.

GAM Credit Opportunities (GBP)

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2018

Total Purchases	Cost £'000
GAM Star Credit Opportunities Fund GBP Z Acc	24,065
Total purchases for the period	24,065

Total Sales	Proceeds £'000
GAM Star Credit Opportunities Fund GBP Z Acc	17,841
Total sales for the period	17,841

Statement of Total Return

for the year ended 31 December 2018

	Notes	31 December 2018		31 December 2017	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(3,355)		564
Revenue	3	1,700		1	
Expenses	4	(309)		(55)	
Net revenue/(expenses) before taxation		1,391		(54)	
Taxation	5	–		–	
Net revenue/(expenses) after taxation			1,391		(54)
Total return before distribution			(1,964)		510
Distribution	6		(1,357)		20
Change in net assets attributable to shareholders from investment activities			(3,321)		530

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2018

	31 December 2018		31 December 2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		20,233		–
Amounts receivable on creation of shares	23,761		19,986	
Less: Amounts payable on cancellation of shares	(16,934)		(283)	
		6,827		19,703
Change in net assets attributable to shareholders from investment activities		(3,321)		530
Retained distribution on accumulation shares		943		–
Closing assets attributable to shareholders		24,682		20,233

GAM Credit Opportunities (GBP)

Balance Sheet

as at 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
Assets:			
Fixed Assets:			
Investments		24,800	20,226
Current assets:			
Debtors	7	284	176
Cash and bank balances	8	2	7
Total assets		25,086	20,409
Liabilities:			
Creditors:			
Distribution payable		(104)	–
Other creditors	9	(300)	(176)
Total other liabilities		(404)	(176)
Net Assets Attributable to Shareholders		24,682	20,233

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 2018 and 31 December 2017:

Valuation technique	31 December 2018		31 December 2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	–	–	–	–
Level 2	24,800	–	20,226	–
Level 3	–	–	–	–
Total investments at fair value	24,800	–	20,226	–

2. Net capital (losses)/gains

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

	31 December 2018 £'000	31 December 2017 £'000
Non-derivative securities	(3,351)	564
Handling charges	(4)	–
Net capital (losses)/gains	(3,355)	564

3. Revenue

	31 December 2018 £'000	31 December 2017 £'000
Offshore distribution taxable from Collective Investment Schemes	1,700	1
Total revenue	1,700	1

Notes to the Financial Statements

4. Expenses

	31 December 2018 £'000	31 December 2017 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	292	51
Capped OCF rebate	(2)	–
Payable to the Depositary's, associates of the Depositary's, and agents of either of them:		
Depositary's fees	5	1
Other expenses:		
Audit fees	8	3
Other	6	–
Total expenses	309	55

5. Taxation

	31 December 2018 £'000	31 December 2017 £'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 (2017: higher than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2017: 20%). The differences are explained below:

Net expenses before taxation	1,391	(54)
Corporation tax of 20% (2017: 20%)	278	(11)
Effects of:		
Overseas non-taxable revenue	(267)	–
Movement in excess management expenses	(11)	11
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 £nil (2017: £10,695) 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:

	31 December 2018 £'000	31 December 2017 £'000
Final	1,047	–
Add: Revenue deducted on cancellation of shares	635	–
Deduct: Revenue received on creation of shares	(325)	(20)
Net distribution for the year	1,357	(20)
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue / (expenses) after taxation	1,391	(54)
Income deficit brought forward	(34)	–
Income deficit carried forward	–	34
Net distribution for the year	1,357	(20)

Notes to the Financial Statements

7. Debtors

	31 December 2018 £'000	31 December 2017 £'000
Sales awaiting settlement	85	13
Amounts receivable for issue of shares	197	163
Reimbursement for capped expenses	2	–
Total debtors	284	176

8. Cash and bank balances

	31 December 2018 £'000	31 December 2017 £'000
Cash and bank balances	2	7
Total cash and bank balances	2	7

9. Creditors

	31 December 2018 £'000	31 December 2017 £'000
Purchases awaiting settlement	173	142
Amounts payable for cancellation of shares	98	15
Accrued expenses	29	19
Total creditors	300	176

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	1 January 2018 Opening shares in issue	Issued	Redeemed	Shares converted	31 December 2018 Closing shares in issue
Institutional Class – Income Shares	5,614	239,793	(7,476)	–	237,931
Institutional Class – Accumulation Shares	1,892,075	2,073,437	(1,709,989)	–	2,255,523

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

11. Related party transactions

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

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

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

At the year end accrued expenses included amounts owing to the ACD of £20,975 (2017: £15,655). The charge for the year is disclosed in Note 4.

Included in the investment portfolio is a holding of 2,441,783 units in GAM Star Credit Opportunities Fund (Atlanticomnium S.A.) with a market value of £24,799,729. Revenue from this holding is shown in note 3. As at 31 December 2018 total revenue earned amounts to £1,700,455.

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 two share classes.

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

	%
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 page 68.

The distribution per share class is given in the Distribution Table on page 69.

All share classes have the same rights on winding up.

13. Feeder Fund

The aggregate charges of GAM Credit Opportunities (GBP) and the Master Fund GAM Star Credit Opportunities (GBP) Z Accumulation are £360,389 (2017: £56,297).

14. Capital commitments and contingent liabilities

On 31 December 2018, the Fund had no capital commitments and no contingent liabilities (2017: £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.

If market prices increase or decrease by 10%, then the impact on the portfolio will be an increase or decrease of 10% (£247,997) (2017: £2,022,544).

(b) Foreign currency risk

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

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

(c) Liquidity risk

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

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 2018	<1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	98	–
Purchases awaiting settlement	173	–
Accrued expenses	29	–
Distribution payable on income shares	–	104
Net assets attributable to shareholders	24,682	–
	24,982	104
As at 31 December 2017	<1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	15	–
Purchases awaiting settlement	142	–
Accrued expenses	19	–
Net assets attributable to shareholders	20,233	–
	20,409	–

Notes to the Financial Statements

(d) Redemption risk

The main liability of 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 a 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.

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. Otherwise, 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 Funds 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 2018.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (2017: nil).

17. Events after the Balance Sheet date

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)	2017 (p)
Institutional Class – Income Shares⁽¹⁾		
Change in net assets per share		
Opening net asset value per share	1,033.54	1,000.00
Return before operating charges*	(55.83)	36.43
Operating charges	(11.37)	(2.89)
Return after operating charges*	(67.20)	33.54
Distributions on income shares	(43.77)	–
Closing net asset value per share	922.57	1,033.54
* including direct transaction costs of:	–	–
Performance		
Return after charges	(6.50%)	3.35%
Other information		
Closing net asset value (£'000)	2,195	58
Closing number of shares	237,931	5,614
Operating charges	1.14%	1.17%
Direct transaction costs	-%	-%
Prices		
Highest share price	1,046.34	1,033.54
Lowest share price	962.86	999.80
	2018 (p)	2017 (p)
Institutional Class – Accumulation Shares⁽²⁾		
Change in net assets per share		
Opening net asset value per share	1,066.26	1,000.00
Return before operating charges*	(57.47)	73.79
Operating charges	(11.80)	(7.53)
Return after operating charges*	(69.27)	66.26
Distributions on accumulation shares	(41.81)	–
Retained distributions on accumulation shares	41.81	–
Closing net asset value per share	996.99	1,066.26
* including direct transaction costs of:	–	–
Performance		
Return after charges	(6.50%)	6.63%
Other information		
Closing net asset value (£'000)	22,487	20,175
Closing number of shares	2,255,523	1,892,075
Operating charges	1.14%	1.26%
Direct transaction costs	-%	-%
Prices		
Highest share price	1,079.46	1,066.26
Lowest share price	996.39	1,031.48

⁽¹⁾ Share class launched on 25 September 2017.

⁽²⁾ Share class launched on 24 May 2017.

Distribution Tables

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2018

Group 2 Final Shares purchased on or between 1 January 2018 and 31 December 2018

Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	43.7700	–	43.7700	–
Group 2	(p)	(p)	(p)	(p)
Final	40.7900	2.9800	43.7700	–

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	41.8100	–	41.8100	–
Group 2	(p)	(p)	(p)	(p)
Final	27.7000	14.1100	41.8100	–

Equalisation

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

Manager: Niall Gallagher

Commentary (unaudited)

The Fund's NAV fell 18.2% (as measured by GBP Institutional Acc. Class) during 2018 versus a 9.9% fall from its benchmark, the MSCI Europe ex UK Net Index in GBP.

Markets posted another negative month in December, capping off a downbeat year for European equities. The Fund was slightly behind its benchmark for the month but significantly behind for the year as a whole. 2018 was a year of two halves with the Fund ahead of its benchmark for the first half of the year and then significantly behind for the second half. We believe there were a number of reasons for this, with the most important being stock specific or related to factor trends which prompted a significant shift in the market from June onwards. We have repeatedly observed that markets adopted a highly defensive stance from mid-year onwards, while the Fund, in aggregate, was intentionally positioned with a slight cyclical tilt.

For the year as a whole, there were a number of significant negative performance contributors, and an insufficient number of positive contributors. Rather than write exhaustive detail on each major positive and negative contributor, there are number of key points we wish to make:

The extent of some of the negative moves – most of which occurred in the second half of the year – is very, very large. To see absolute share price falls of 35-50% in a short period of time absent a severe recession or financial crisis is really quite unusual. The fact that some of these companies have net cash balance sheets and all of them have strong to very strong balance sheets (or at least appropriate to the cyclical and operational gearing of the business) makes this doubly unusual. Furthermore, most of these companies produce high returns on capital employed with high levels of operating profit, so if we are wrong on the likelihood of a recession in 2019 or 2020, these are generally robust businesses that 'trade' well yet many such stocks are now pricing in a very sharp recession into their valuations given the falls in value in 2018.

Some of the negative contributors to the Fund's performance had profit warnings, or poor results, but some did not. Companies such as Cairn Homes, Inditex, Persimmon, and Eiffage all performed in line or ahead of expectations throughout the year further supporting the suggestion that there were strong factor impacts at play. Other companies such as Nokian Tyres, Intesa Sanpaolo and Paddy Power Betfair did see earnings downgrades throughout the year but these were either very modest or well known in advance (tax, regulation) and well less than the share price performance in the second half of the year.

The key negative take away, however, is that some of the stocks that did have profit warnings, or events that justified negative share price reactions, are stocks that we would

normally expect to behave in a defensive manner in a market that was becoming increasingly worried about a recession. The portfolio is deliberately constructed to have a mix of stocks – to avoid excess concentrations of factor risk – and the fact that stocks like Fresenius and Fresenius Medical Care, which were large positions in the Fund, were the ones that had profit warnings was doubly disappointing. In a year like 2018, we would have expected these stocks to add positive relative performance rather than negative relative performance. The same is true to differing extents with Bayer and Continental. The fact that these companies profit warned, or had unforeseen legal issues (Bayer), is disappointing.

Having witnessed significant share price declines in 2018 for many of the stocks listed above as key negative performance contributors, and having reconsidered each and every investment case, we are convinced that there is very serious upside potential for many of these stocks. Quite a few stocks are trading at either all time low valuations of the last 25 years or are trading at valuations that we have only witnessed in 2002/3 and 2007/8; we do not think the current environment is anything remotely like either of these periods. We do not believe the conditions to have justified the market moves witnessed in the second half of 2018. Economic growth is slower than it was twelve months ago and modestly slower now than forecasted twelve months ago; even so, that is a very different scenario than that which is priced into many European stocks particularly those with cyclical exposure. We consider it more informative to consider a number of market and single stock valuations to emphasise the point that we see significant amounts of value in the asset class and the stocks which we hold in the fund.

The top holdings contributing to performance over the period were Pernod Ricard, LVMH Moët Hennessy Louis Vuitton and Amadeus. The bottom holdings were Bayer AG, Anheuser-Busch InBev and Zalando.

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2018 %	31 December 2017 %
Ireland	99.67	100.07
Net other assets/(liabilities)	0.33	(0.07)
Total net assets	100.00	100.00

Analysis, by investment	31 December 2018 %	31 December 2017 %
Equity Funds	99.67	100.07
Net other assets/(liabilities)	0.33	(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.

- 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.
- The lowest category does not mean 'risk free'.
- The Fund does not offer any capital guarantee or assurance that the investor will receive a fixed amount when redeeming.

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

- **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.
- **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 – please refer to www.gam.com for how to obtain a copy.

GAM Continental European Equity

Portfolio Statement

as at 31 December 2018

Holdings	Description	Market Value £'000	% of Net Assets
Collective Investment Schemes 99.67% (December 2017: 100.07%)			
1,524,155	GAM Star Continental European Equity Fund GBP Z Acc †	12,525	99.67
	Total Investments	12,525	99.67
	Net other assets	42	0.33
	Total net assets	12,567	100.00

All investments are Collective Investment Scheme unless otherwise stated.

† A related party to the Fund.

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2018

Total Purchases	Cost £'000
GAM Star Continental European Equity Fund GBP Z Acc	17,758
Total purchases for the year	17,758

Total Sales	Proceeds £'000
GAM Star Continental European Equity Fund GBP Z Acc	7,616
Total sales for the year	7,616

GAM Continental European Equity

Statement of Total Return

for the year ended 31 December 2018

	Notes	31 December 2018		31 December 2017	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(2,187)		(17)
Revenue	3	182		–	
Expenses	4	(83)		(6)	
Net revenue/(expenses) before taxation		99		(6)	
Taxation	5	–		–	
Net revenue/(expenses) after taxation			99		(6)
Total return before distribution			(2,088)		(23)
Distribution	6		(99)		–
Change in net assets attributable to shareholders from investment activities			(2,187)		(23)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2018

	31 December 2018		31 December 2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		4,566		–
Amounts receivable on creation of shares	17,533		4,633	
Less: Amounts payable on cancellation of shares	(7,533)		(44)	
		10,000		4,589
Change in net assets attributable to shareholders from investment activities		(2,187)		(23)
Retained distribution on accumulation shares		188		–
Closing net assets attributable to shareholders		12,567		4,566

Balance Sheet

as at 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
Assets:			
Fixed Assets:			
Investments		12,525	4,569
Current assets:			
Debtors	7	158	87
Cash and bank balances	8	9	–
Total assets		12,692	4,656
Liabilities:			
Creditors:			
Other creditors	9	(125)	(90)
Total other liabilities		(125)	(90)
Net Assets Attributable to Shareholders		12,567	4,566

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 2018 and 31 December 2017:

Valuation technique	31 December 2018		31 December 2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	–	–	–	–
Level 2	12,525	–	4,569	–
Level 3	–	–	–	–
	12,525	–	4,569	–

2. Net capital losses

The net capital losses during the year comprise:

	31 December 2018 £'000	31 December 2017 £'000
Non-derivative securities	(2,186)	(17)
Handling charges	(1)	–
Net capital losses	(2,187)	(17)

3. Revenue

	31 December 2018 £'000	31 December 2017 £'000
Offshore distribution non-taxable from Collective Investment Schemes	182	–
Total revenue	182	–

Notes to the Financial Statements

4. Expenses

	31 December 2018 £'000	31 December 2017 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	78	6
Capped OCF rebate	(2)	–
	76	6
Payable to the Depositary's, associates of the Depositary's, and agents of either of them:		
Depositary's fees	2	–
	2	–
Other expenses:		
Audit fees	8	–
Other	(3)	–
	5	–
Total expenses	83	6

5. Taxation

	31 December 2018 £'000	31 December 2017 £'000
a) Analysis of tax charge in the year:		
Corporation tax	–	–
Total current tax (note 5b)	–	–

b) Factors affecting current tax charge for the period:

The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2017: 20%). The differences are explained below:

Net revenue/(expenses) before taxation	99	(6)
Corporation tax of 20% (2017: 20%)	20	(1)
Effects of:		
Overseas non-taxable revenue	(37)	–
Movement in excess management expenses	17	1
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 £17,892 (2017: £1,250) 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:

	31 December 2018 £'000	31 December 2017 £'000
Final	188	–
Add: Revenue deducted on cancellation of shares	10	–
Deduct: Revenue received on creation of shares	(99)	–
Net distribution for the year	99	–

Notes to the Financial Statements

7. Debtors

	31 December 2018 £'000	31 December 2017 £'000
Amounts receivable for issue of shares	157	87
Accrued revenue	1	–
Total debtors	158	87

8. Cash and bank balances

	31 December 2018 £'000	31 December 2017 £'000
Cash and bank balances	9	–
Total cash and bank balances	9	–

9. Creditors

	31 December 2018 £'000	31 December 2017 £'000
Purchases awaiting settlement	111	87
Accrued expenses	14	3
Total creditors	125	90

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	1 January 2018 Opening shares in issue	Issued	Redeemed	31 December 2018 Closing shares in issue
Institutional Class – Accumulation Shares	450,598	1,806,104	(740,477)	1,516,225

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

11. Related party transactions

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

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

The Fund which is managed by Niall Gallagher of GAM International Management Limited invests primarily in GAM Star Continental European Equity which is also managed by Niall Gallagher of GAM International Management Limited.

At the year end accrued expenses included amounts owing to the ACD of £8,342 (2017: £2,630). The charge for the year is disclosed in Note 4.

Included in the investment portfolio is a holding of 1,524,155 units in GAM Star Continental European Equity (GAM International Management Limited) with a market value of £12,525,377. Revenue from this holding is shown in note 3. As at 31 December 2018 total revenue earned amounts to £182,465.

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:	0.80

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

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

13. Feeder Fund

The aggregate charges of GAM Continental European Equity and the Master Fund GAM Star Continental European Equity GBP Z Accumulation are £92,830 (2017: £6,853).

14. Capital commitments and contingent liabilities

On 31 December 2018, the Fund had no capital commitments (2017: £nil) and no contingent liabilities (2017: £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 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 Fund's potential exposure to market risk using the commitment method.

If market prices increase or decrease by 10%, then the impact on the portfolio will be an increase or decrease of 10% (£1,252,538) (2017: £456,893).

(b) Foreign currency risk

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

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

(c) Liquidity risk

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

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 2018	< 1 month £'000	1-3 months £'000
Purchases awaiting settlement	111	–
Accrued expenses	12	–
Net assets attributable to shareholders	12,567	–
	12,690	–
As at 31 December 2017	< 1 month £'000	1-3 months £'000
Purchases awaiting settlement	87	–
Accrued expenses	3	–
Net assets attributable to shareholders	4,566	–
	4,656	–

(d) Redemption risk

The main liability of the Fund is the redemption of any shares that investors wish to sell. Large redemptions of shares in any of the Fund might result in a 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 a 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.

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 the notes to the financial statements for the Fund. Otherwise, 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.

16. Portfolio transaction costs

There were no transactions costs incurred during the year to 31 December 2018 (2017: £nil).

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (2017: nil).

17. Events after the Balance Sheet date

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)	2017 (p)
Institutional Class – Accumulation Shares		
Change in net assets per share		
Opening net asset value per share	1,013.26	1,000.00
Return before operating charges*	(175.43)	19.22
Operating charges	(9.03)	(5.96)
Return after operating charges*	(184.46)	13.26
Distributions on accumulation shares	(12.37)	–
Retained distributions on accumulation shares	12.37	–
Closing net asset value per share	828.80	1,013.26
* including direct transaction costs of:	–	–
Performance		
Return after charges	(18.20%)	1.33%
Other information		
Closing net asset value (£'000)	12,567	4,566
Closing number of shares	1,516,225	450,598
Operating charges	0.93%	1.07%
Direct transaction costs	-%	-%
Prices		
Highest share price	1,051.86	1,040.95
Lowest share price	812.32	986.27

Distribution Tables

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2018

Group 2 Final Shares purchased on or between 1 January 2018 and 31 December 2018

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	12.3700	–	12.3700	–
Group 2	(p)	(p)	(p)	(p)
Final	5.9100	6.4600	12.3700	–

Equalisation

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

Manager: Tim Love and Joaquim Nogueira

Commentary (unaudited)

The Fund's NAV fell 13.8% (as measured by GBP Institutional Acc. class) during 2018 versus a 9.3% fall from its benchmark, the MSCI Emerging Markets Index in GBP.

During the first quarter of 2018, although we continued to voice our support for EM equities on fundamental and valuation grounds, we also acknowledged that markets tend to consolidate gains of this nature. As such, we trimmed some cyclical positions that had become extended in this run-up, such as Kazak Minerals, Ganfeng Lithium and Pampa Argentina.

Then in the second quarter of 2018 sure enough the consolidation came, as US dollar strength – fuelled by a strong short squeeze and self-fulfilling risk-off sentiment – triggered short-term safe haven flows. The US 10-year Treasury broke the 3% level, encouraging “search for yield” investors back to US bonds versus US equities.

In October equities experienced further misery, this time led by global growth fears as the growing threat of trade-wars added to uncertainty; the S&P500 declined 6.8% in October, erasing nearly all its year-to-date gains. The oil price also declined 33% off its peaks in October.

The fourth quarter of 2018 was tough for equities, emerging markets (EM) have notably outperformed their developed market counterparts, behaving effectively as a defensive asset class. In November, we saw some bottoming out, with EM equities ending the month 4.1% up, outperforming the S&P by more than 2% and showing some encouraging signs of decoupling. This continued in December, when the figure was (2.6%) for EM versus (7.6%) for developed.

We maintain our cyclical sector orientation (which at least benefited from its oil overweight until October, especially in our China energy stock plays), with Brazil being the key overweight and, to a lesser degree, Turkey and Russia. We have also re-examined our non-correlated market plays.

The outlook remains positive, in our view. We still feel confident that both fundamentals and valuations are supportive for EM equities for the next six to nine months. Price and valuation pullbacks have combined to give us some unique re-entry points. We expect the headwinds of US dollar strength to soften and fears of an inversion in the US Treasury market to be fully discounted soon. Hence we believe the sell-off in ‘positive carry trade’ currencies should now be behind us.

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2018 %	31 December 2017 %
Luxembourg	96.76	98.18
Net other assets	3.24	1.82
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2018 %	31 December 2017 %
Collective Investment Schemes	96.76	98.18
Net other assets	3.24	1.82
Total net assets	100.00	100.00

Analysis, by investment	31 December 2018 %	31 December 2017 %
Equity Quoted	96.76	98.18
Net other assets	3.24	1.82
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.

- 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.
- The lowest category does not mean 'risk free'.
- The Fund does not offer any capital guarantee or assurance that the investor will receive a fixed amount when redeeming.

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.
- **Market Risk/Emerging Markets:** emerging markets will generally be subject to greater political, market, counterparty and operational risks.
- **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.

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund – please refer to www.gam.com for how to obtain a copy.

Portfolio Statement

as at 31 December 2018

Holdings	Description	Market Value £'000	% of Net Assets
	Collective Investment Schemes 96.76% (December 2017: 98.18%)		
3,239	GAM MultiStock – Emerging Markets Equity GBP Ia1†	299	96.76
	Total Investments	299	96.76
	Net other assets	10	3.24
	Total net assets	309	100.00

All investments are Collective Investment Schemes unless otherwise stated.

† A related party to the Fund.

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2018

Total Purchases	Cost £'000
GAM MultiStock – Emerging Markets Equity GBP Ia1	399
Total purchases for the year	399

Total Sales	Proceeds £'000
GAM MultiStock – Emerging Markets Equity GBP Ia1	143
Total sales for the year	143

Statement of Total Return

for the year ended 31 December 2018

	Notes	31 December 2018		31 December 2017	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(70)		10
Revenue	3	11		2	
Expenses	4	(3)		(1)	
Interest payable and similar charges		–		–	
Net revenue before taxation		8		1	
Taxation	5	–		–	
Net revenue after taxation			8		1
Total return before distribution			(62)		11
Distribution	6		(8)		(1)
Change in net assets attributable to shareholders from investment activities			(70)		10

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2018

	31 December 2018		31 December 2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		110		–
Amounts receivable on creation of shares	390		100	
Less: Amounts payable on cancellation of shares	(129)		–	
		261		100
Change in net assets attributable to shareholders from investment activities		(70)		10
Retained distribution on accumulation shares		8		–
Closing net assets attributable to shareholders		309		110

Balance Sheet

as at 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
Assets:			
Fixed Assets:			
Investments		299	108
Current assets:			
Debtors	7	1	–
Cash and bank balances	8	10	2
Total assets		310	110
Liabilities:			
Creditors:			
Other creditors	9	(1)	–
Total other liabilities		(1)	–
Net Assets Attributable to Shareholders		309	110

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 2018 and 31 December 2017:

Valuation technique	31 December 2018		31 December 2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	–	–	–	–
Level 2	299	–	108	–
Level 3	–	–	–	–
Total investments at fair value	299	–	108	–

2. Net capital (losses)/gains

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

	31 December 2018 £'000	31 December 2017 £'000
Non-derivative securities	(69)	10
Handling charges	(1)	–
Net capital (losses)/gains	(70)	10

3. Revenue

	31 December 2018 £'000	31 December 2017 £'000
Offshore distribution non-taxable from Collective Investment Schemes	11	2
Total revenue	11	2

Notes to the Financial Statements

4. Expenses

	31 December 2018 £'000	31 December 2017 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	4	1
Capped OCF rebate	(1)	–
Total expenses	3	1

5. Taxation

	31 December 2018 £'000	31 December 2017 £'000
a) Analysis of tax charge in the year:		
Corporation tax	–	–
Total current tax (note 5b)	–	–

b) Factors affecting current tax charge for the period:

The tax assessed for the year is lower than (2017: equal to) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2017: 20%). The differences are explained below:

Net revenue before taxation	8	–
Corporation tax of 20% (2017: 20%)	2	–

Effects of:

Overseas non-taxable revenue	(3)	–
Movement in excess management expenses	1	–
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 period end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £768 (2017: £127) 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:

	31 December 2018 £'000	31 December 2017 £'000
Final	8	1
Add: Revenue deducted on cancellation of shares	–	–
Deduct: Revenue received on creation of shares	–	–
Net distribution for the year	8	1

Notes to the Financial Statements

7. Debtors

	31 December 2018 £'000	31 December 2017 £'000
Reimbursement for capped expenses	1	–
Total debtors	1	–

8. Cash and bank balances

	31 December 2018 £'000	31 December 2017 £'000
Cash and bank balances	10	2
Total cash and bank balances	10	2

9. Creditors

	31 December 2018 £'000	31 December 2017 £'000
Accrued expenses	1	–
Total creditors	1	–

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	1 January 2018 Opening shares in issue	Issued	Redeemed	31 December 2018 Closing shares in issue
Institutional Class – Accumulation Shares	10,000	36,297	(13,556)	32,741

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

11. Related party transactions

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

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

The Fund which is managed by GAM International Management Limited invests primarily in GAM Emerging Equity Fund GBP 1a which is also managed by GAM International Management Limited.

At the year end accrued expenses included amounts owing to the ACD of £266 (2017: £85). The charge for the period is disclosed in Note 4.

Included in the investment portfolio is a holding of 3,239 units in GAM Emerging Equity (GAM International Management Limited) with a market value of £299,162. Revenue from this holding is shown in note 3. As at 31 December 2018 total revenue earned amounts to £10,901.

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:	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 94.

The distribution per share class is given in the Distribution Table on page 95.

13. Feeder Fund

The aggregate charges of GAM Emerging Equity (GBP) and the Master Fund GAM Emerging Equity Fund GBP 1a (GBP) Z Accumulation are £3,093 (2017: £1,080).

14. Capital commitments and contingent liabilities

On 31 December 2018, the Fund had no capital commitments and no contingent liabilities (2017: £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 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 Fund's potential exposure to market risk using the commitment method.

If market prices increase or decrease by 10%, then the impact on the portfolio will be an increase or decrease of 10% (£29,916) (2017: £10,746).

(b) Foreign currency risk

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

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

(c) Liquidity risk

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

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 2018	<1 month £'000	1-3 months £'000
Accrued expenses	1	–
Net assets attributable to shareholders	309	–
	310	–
As at 31 December 2017	<1 month £'000	1-3 months £'000
Net assets attributable to shareholders	110	–
	110	–

(d) Redemption risk

The main liability of 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 a 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.

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 the notes to the financial statements for the Fund. Otherwise, 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.

16. Portfolio transaction costs

There were no transactions costs incurred during the year to 31 December 2018 (2017: £nil).

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (2017: nil).

17. Events after the Balance Sheet date

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)	2017 (p)
Institutional Class – Accumulation Shares		
Change in net assets per share		
Opening net asset value per share	1,096.29	1,000.00
Return before operating charges*	(139.97)	103.08
Operating charges	(11.25)	(6.79)
Return after operating charges*	(151.22)	96.29
Distributions on accumulation shares	(23.52)	(12.53)
Retained distributions on accumulation shares	23.52	12.53
Closing net asset value per share	945.07	1,096.29
* including direct transaction costs of:	–	–
Performance		
Return after charges	(13.79%)	9.63%
Other information		
Closing net asset value (£'000)	309	110
Closing number of shares	32,741	10,000
Operating charges	1.10%	1.25%
Direct transaction costs	-%	-%
Prices		
Highest share price	1,151.89	1,114.04
Lowest share price	904.90	974.34

Distribution Tables

Distribution in pence and cents per share

Group 1 Final Shares purchased prior to 1 January 2018

Group 2 Final Shares purchased on or between 1 January 2018 and 31 December 2018

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	23.5200	–	23.5200	12.5300
Group 2	(p)	(p)	(p)	(p)
Final	23.4900	0.0300	23.5200	12.5300

Equalisation

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

Manager: Adrian Gosden

Commentary (unaudited)

The Fund's NAV fell 8.5% (as measured by the Institutional Income class) during 2018 versus a fall of 9.5% from its benchmark, the FTSE All-Share Index.

In 2018, the GAM UK Equity Income Fund came 20th in the sector, a top quartile position (sourced from FE Analytics). The Fund performed better than the FTSE All-Share Index and we delivered a dividend of 43p (equivalent to a yield of 4.74% for the Institutional Income class). However, given the very poor performance of the UK market, and stock markets in general, this will come as little comfort to our investors.

Since the summer, we have made significant strides to make the portfolio more defensive, observing some slowing economic data globally and stock-specific valuation opportunities. We reduced exposure to oils, financials and industrials and increased exposure to telecoms, utilities and tobacco. In particular, the decision to build a new position in BT worked well. However, the same cannot be said for utilities, which offered little defence as Brexit talks waned and people speculated on a Labour government and nationalisation of the sector. Tobacco was also weak on FDA ambitions to ban menthol cigarettes in the US. For those who have observed developments in both these sectors before, the market usually shoots first and then asks questions later. We believe these sectors will be very valuable to the fund in 2019.

The top 10 holdings look very different to the launch portfolio back in 2017 and so they should. The outlook is very different globally and stock valuations have changed materially. The UK market provides a rich source of investment opportunities and these are being presented at attractive valuations. Our portfolio of 50 shares has an average PE of 10x and a forward dividend yield of 5.0%. On our preferred measure of free cash flow, the fund produces 8.5% of its value in cash each year, hence covering the dividend 1.7x. Importantly, the fund's income remains well diversified across a range of sectors and is spread across the entire portfolio. The fund paid a dividend of 43p (for the Institutional Income Class) in 2018 and this is expected to grow by approximately 5% into 2019. This income is generated across the entire portfolio and it is spread across a variety of sectors. The common trait across all the holdings is sustainable dividend growth supported by cash flows and strong balance sheets. The portfolio contains a blend of dividend with some stocks generating higher yields than others. For those lower-yielding names, we expect their dividend growth to be considerable.

The UK market is volatile for a number of reasons, based loosely around trade wars, sanctions and, more specifically, Brexit. This volatility, although unwelcome to clients, provides the GAM UK Equity Income Fund with opportunities. The Fund has the agility to sell shares that have become highly valued and purchase those that have suffered short-term setbacks. This should prove extremely useful in a backdrop

where valuation differentiation within the UK is as broad as it has been over the last 25 years. Although Brexit is an unwelcome unknown, the market has sought certainty through making international companies highly prized. A weak UK currency has made these overseas earners attractive. In this quest however, we have seen some parts of the UK market become attractively valued. It is here where we see the best risk/reward balance and have deployed more capital.

It may seem a little misplaced to be optimistic when faced with an unresolved Brexit negotiation and a global economy that is slowing. However, economic cycles are not new and nor is political uncertainty. Experience suggests attention to balance sheets, excessive margins and cash flow should keep investors clear of the worst trouble. We expect corporate activity to remain a feature of the portfolio this year, as it was in 2018.

The top holdings contributing to performance during the year were Royal Mail, Qinetiq and Virgin Money. The bottom holdings were Lloyds Banking, Imperial Brands and Se La Rue.

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2018 %	31 December 2017 %
United Kingdom	86.90	85.20
France	4.06	5.88
Ireland	2.20	–
Guernsey	0.71	–
Switzerland	–	4.15
Finland	–	1.91
Denmark	–	1.13
Forward currency contracts	(0.09)	0.10
Net other assets	6.22	1.63
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2018 %	31 December 2017 %
Food Beverage & Tobacco	14.77	7.03
Commercial & Professional Services	9.31	7.99
Banks	7.40	10.94
Telecommunication Services	6.84	1.02
Capital Goods	6.49	9.36
Transportation	6.15	10.35
Utilities	6.03	2.24
Insurance	4.94	7.79
Energy	4.79	10.78
Real Estate	4.73	5.89
Software & Services	4.04	1.90
Retailing	3.16	3.48
Technology Hardware & Equipment	2.51	4.86
Media and Entertainment	2.36	1.81
Food & Staples Retailing	2.25	2.20
Pharmaceuticals & Biotechnology	2.01	6.04
Fixed Interest	1.41	–
Consumer Services	1.20	2.59
Diversified Financials	1.18	–
Household & Personal Products	0.84	–
Materials	0.74	–
Non-sector specific	0.71	0.87
Forward currency contracts	(0.08)	0.10
Consumer Durables & Apparel	–	1.13
Net other assets	6.22	1.63
Total net assets	100.00	100.00

Analysis, by investment	31 December 2018 %	31 December 2017 %
Equity Quoted	92.46	98.27
Corporate Bonds	1.41	–
Forward currency contracts	(0.09)	0.10
Net other assets	6.22	1.63
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.

- 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.
- The lowest category does not mean 'risk free'.
- The Fund does not offer any capital guarantee or assurance that the investor will receive a fixed amount when redeeming.

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

- **Equity:** investments in equities (directly or indirectly via derivatives) may be subject to significant fluctuations in value.
- **Investment Positions:** positions may increase in size relative to the size of the Fund. The risk is monitored by regularly adapting positions.
- **Brexit Risk:** the regulatory regime to which certain of the Investment Managers are subject to in the UK could be materially and adversely affected. The decision to leave the EU could also result in substantial volatility in foreign exchange markets and a sustained period of uncertainty for the UK, the EU and the global markets in general.

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund – please refer to www.gam.com for how to obtain a copy.

Portfolio Statement

as at 31 December 2018

Holdings	Description	Market Value £'000	% of Net Assets
United Kingdom			
Food Beverage & Tobacco 12.57% (December 2017: 7.03%)			
301,438	Imperial Tobacco	7,165	4.78
207,513	British American Tobacco	5,188	3.46
2,311,731	Bakkavor	3,260	2.17
2,022,041	Devro	3,239	2.16
		18,852	12.57
Commercial & Professional Services 9.31% (December 2017: 6.08%)			
2,005,841	Wilmington	3,585	2.39
722,618	De La Rue	3,057	2.04
533,515	Babcock International	2,610	1.74
1,300,959	G4S	2,562	1.71
3,008,148	Arena Events	1,745	1.17
1,054,080	GYG	395	0.26
		13,954	9.31
Banks 7.40% (December 2017: 10.94%)			
10,861,175	Lloyds Banking	5,632	3.75
984,296	OneSavings Bank	3,445	2.30
1,342,753	Barclays	2,021	1.35
		11,098	7.40
Capital Goods 6.49% (December 2017: 9.36%)			
740,908	Cohort	2,815	1.88
956,117	Morgan Crucible	2,516	1.68
1,064,058	Volution	1,527	1.02
712,095	Eurocell	1,524	1.01
711,836	Senior	1,348	0.90
		9,730	6.49
Utilities 6.03% (December 2017: 2.24%)			
689,772	National Grid	5,271	3.51
544,649	Pennon	3,773	2.52
		9,044	6.03
Transportation 6.15% (December 2017: 10.35%)			
1,298,384	National Express	4,856	3.24
1,750,428	Wincanton	4,254	2.83
8,464,837	Fastjet	116	0.08
1,509,491	Fastjet Warrants Expiry date 31/07/2021	–	–
		9,226	6.15

Portfolio Statement

as at 31 December 2018

Holdings	Description	Market Value £'000	% of Net Assets
Insurance 4.94% (December 2017: 7.79%)			
1,361,190	Legal & General	3,144	2.09
2,068,684	Saga	2,143	1.43
377,351	Phoenix	2,126	1.42
		7,413	4.94
Real Estate 4.73% (December 2017: 5.89%)			
543,828	Land Securities*	4,375	2.92
2,397,902	Grit Real Estate Income*	2,711	1.81
		7,086	4.73
Telecommunication Services 4.53% (December 2017: 1.02%)			
2,851,545	BT	6,790	4.53
		6,790	4.53
Software & Services 4.04% (December 2017: 1.90%)			
2,981,032	Proactis	4,069	2.72
143,424	Micro Focus International	1,984	1.32
		6,053	4.04
Retailing 3.16% (December 2017: 3.48%)			
1,662,261	Shoe Zone	2,959	1.97
697,866	Halfords	1,780	1.19
		4,739	3.16
Energy 3.04% (December 2017: 6.98%)			
602,353	BP	2,987	1.99
311,916	John Wood	1,579	1.05
		4,566	3.04
Technology Hardware & Equipment 2.51% (December 2017: 3.80%)			
2,665,246	Strix	3,758	2.51
		3,758	2.51
Media & Entertainment 2.36% (December 2017: 1.81%)			
1,315,330	Tarsus	3,545	2.36
		3,545	2.36
Food & Staples Retailing 2.25% (December 2017: 2.20%)			
1,775,259	Tesco	3,375	2.25
		3,375	2.25
Pharmaceuticals & Biotechnology 2.01% (December 2017: 1.89%)			
202,005	GlaxoSmithKline	3,012	2.01
		3,012	2.01

* Real Estate Investment Trust.

Portfolio Statement

as at 31 December 2018

Holdings	Description	Market Value £'000	% of Net Assets
	Fixed Interest 1.41% (December 2017: 0.00%)		
2,625,000	AA Bond 5.5% 31/07/2022	2,117	1.41
		2,117	1.41
	Consumer Services 1.20% (December 2017: 2.59%)		
1,163,534	William Hill	1,803	1.20
		1,803	1.20
	Diversified Financials 1.18% (December 2017: 0.00%)		
989,996	Premier Asset Management	1,772	1.18
		1,772	1.18
	Household & Personal Products 0.84% (December 2017: 0.00%)		
1,292,825	Warpaint London	1,261	0.84
		1,261	0.84
	Materials 0.74% (December 2017: 0.00%)		
373,327	DS Smith	1,117	0.74
		1,117	0.74
	France		
	Telecommunication Services 2.31% (December 2017: 1.02%)		
272,781	Orange	3,466	2.31
		3,466	2.31
	Energy 1.75% (December 2017: 3.80%)		
63,187	Total	2,619	1.75
		2,619	1.75
	Guernsey		
	Non-sector specific 0.71% (December 2017: 0.00%)		
1,000,000	Hipgnosis Songs Fund	1,073	0.71
		1,073	0.71
	Ireland		
	Food Beverage & Tobacco 2.20% (December 2017: 0.00%)		
1,849,629	Greencore	3,296	2.20
		3,296	2.20

Portfolio Statement

as at 31 December 2018

Holdings	Description				Market Value £'000	% of Net Assets
Forward Currency Contracts (0.09%) (December 2017: 0.10%)						
					–	–
Purchase Currency	Contractual Amount	Sale Currency	Contractual Amount	Maturity Date	Market Value £'000	% of Net Assets
CHF	6,936,991	GBP	5,532,418	2019-01-10	(6)	(0.00)
EUR	347,049	GBP	313,066	2019-01-10	(1)	(0.00)
					(7)	(0.00)
Sale Currency	Contractual Amount	Purchase Currency	Contractual Amount	Maturity Date	Market Value £'000	% of Net Assets
CHF	(6,936,991)	GBP	5,464,414	2019-01-10	(62)	(0.04)
EUR	(6,876,956)	GBP	6,113,797	2019-01-10	(60)	(0.04)
USD	(3,460,173)	GBP	2,709,184	2019-01-10	(7)	(0.00)
					(129)	(0.08)
Total Investments ^					140,629	93.78
Net other assets					9,331	6.22
Total net assets					149,960	100.00

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

^ Including derivative liabilities.

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2018

Major Purchases	Cost £'000	Total Sales	Proceeds £'000
British American Tobacco	6,387	Roche	5,599
Imperial Tobacco	6,080	Virgin Money UK	4,119
BT	5,914	QinetiQ	4,011
National Grid	5,616	Ontex	2,794
Lloyds Banking	4,115	Direct Line Insurance	2,093
Wilmington	3,958	Greencore	1,904
OneSavings Bank	3,821	Societe Generale	1,902
Land Securities	3,577	John Wood	1,597
Tarsus	3,481	Total	1,352
Proactis	3,327	BP	1,327
Orange	3,261	Ingenico	1,257
National Express	3,231	Restaurant	1,224
De La Rue	3,220	Royal Mail	1,218
Bakkavor	3,161	Anheuser-Busch InBev	1,114
Devro	3,099	BT	1,092
Wincanton	2,984	Dignity	930
William Hill	2,864	Micro Focus International	889
Grit Real Estate Income	2,621	Land Securities	800
Greencore	2,561	Rank	740
AA Bond 5.5% 31/07/2022	2,380	Laird	501
Total purchases for the year	180,202	Total sales for the year	43,113

Statement of Total Return

for the year ended 31 December 2018

	Notes	31 December 2018		31 December 2017	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(17,797)		230
Revenue	3	4,116		113	
Expenses	4	(622)		(27)	
Interest payable and similar charges		(1)		–	
Net revenue before taxation		3,493		86	
Taxation	5	(19)		(3)	
Net revenue after taxation			3,474		83
Total return before distribution			(14,323)		313
Distribution	6		(3,750)		(83)
Change in net assets attributable to shareholders from investment activities			(18,073)		230

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2018

	31 December 2018		31 December 2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		21,463		–
In-specie transfer*	47,884	–		–
Amounts receivable on creation of shares	113,008		21,239	
Less: Amounts payable on cancellation of shares	(16,242)		(89)	
		144,650		21,150
Dilution levy		136		–
Change in net assets attributable to shareholders from investment activities		(18,073)		230
Retained distribution on accumulation shares		1,784		83
Closing net assets attributable to shareholders		149,960		21,463

Fund launched on 30 October 2017.

* Amounts received from GAM UK Diversified.

Balance Sheet

as at 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
Assets:			
Fixed Assets:			
Investments		140,765	21,119
Current assets:			
Debtors	7	9,563	114
Cash and bank balances	8	5,676	403
Total assets		156,004	21,636
Liabilities:			
Investment liabilities		(136)	(5)
Creditors:			
Distribution payable		(2,240)	(1)
Other creditors	9	(3,668)	(167)
Total other liabilities		(6,044)	(173)
Net Assets Attributable to Shareholders		149,960	21,463

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 2018 and 31 December 2017:

Valuation technique	31 December 2018		31 December 2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	138,648	–	21,095	–
Level 2	2,117	(136)	24	(5)
Level 3	–	–	–	–
Total investments at fair value	140,765	(136)	21,119	(5)

2. Net capital (losses)/gains

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

	31 December 2018 £'000	31 December 2017 £'000
Non-derivative securities	(17,422)	219
Forward foreign exchange currency contracts	(100)	19
Currency losses	(260)	(8)
Handling charges	(15)	–
Net capital (losses)/gains	(17,797)	230

3. Revenue

	31 December 2018 £'000	31 December 2017 £'000
UK dividends	3,006	74
Overseas dividends	870	31
Property revenue from UK REITs – PID	162	–
Property revenue from UK REITs – Non PID	–	8
Bank interest	2	–
Interest on debt securities	73	–
UK scrip dividends non-taxable	3	–
Total revenue	4,116	113

Notes to the Financial Statements

4. Expenses

	31 December 2018 £'000	31 December 2017 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	544	20
Capped OCF rebate	(15)	(13)
Payable to the Depositary's, associates of the Depositary's, and agents of either of them:		
Depositary's fees	17	1
Safekeeping charge	14	1
Other expenses:		
Audit fees	16	16
Other	46	2
Total expenses	622	27

5. Taxation

	31 December 2018 £'000	31 December 2017 £'000
a) Analysis of tax charge in the year:		
Overseas tax	19	3
Total current tax (note 5b)	19	3
b) Factors affecting current tax charge for the year:		
The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2017: 20%). The differences are explained below:		
Net revenue before taxation	3,493	86
Corporation tax of 20% (2017: 20%)	699	17
Effects of:		
UK dividends	(601)	(15)
Non-taxable scrip dividends	(1)	–
Revenue not subject to taxation	(174)	(7)
Movement in excess management expenses	75	5
Overseas tax	19	3
Expenses not deductible for tax purposes	2	–
Current tax charge for year (note 5a)	19	3

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 £80,018 (2017: £5,279) relating to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts.

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:

	31 December 2018 £'000	31 December 2017 £'000
Interim	1,825	–
Final	3,426	84
Add: Revenue deducted on cancellation of shares	229	–
Deduct: Revenue received on creation of shares	(1,730)	(1)
Net distributions for the year	3,750	83
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	3,474	83
Tax relief from capital	(25)	–
Income carried forward	(1)	–
Expenses charged to capital	302	–
Net distributions for the year	3,750	83

7. Debtors

	31 December 2018 £'000	31 December 2017 £'000
Amounts receivable for issue of shares	8,576	36
Accrued revenue	828	64
Dilution levy receivable	37	–
Overseas tax recoverable	94	1
Reimbursement for capped expenses	28	13
Total debtors	9,563	114

8. Cash and bank balances

	31 December 2018 £'000	31 December 2017 £'000
Cash and bank balances	5,676	403
Total cash and bank balances	5,676	403

9. Creditors

	31 December 2018 £'000	31 December 2017 £'000
Purchases awaiting settlement	3,472	138
Amounts payable for cancellation of shares	49	–
Accrued expenses	147	29
Total creditors	3,668	167

Notes to the Financial Statements

10. Reconciliation of Shares

Reconciliation of the share movement in the period:

	1 January 2018 Opening shares in issue	Issued	Redeemed	31 December 2018 Closing shares in issue
R Class – Accumulation Shares	–	5,000	(5,000)	–
Z Distribution – Income Shares	21,898	8,993,924	(50,146)	8,965,676
Z Distribution – Accumulation Shares	2,091,359	2,435,790	(1,065,142)	3,462,007
Institutional Class – Income Shares	1,000	1,505,011	(150,037)	1,355,974
Institutional Class – Accumulation Shares	1,000	3,237,517	(401,443)	2,837,074

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

11. Related party transactions

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

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

The Fund which is managed by Niall Gallagher of GAM International Management Limited invests primarily in GAM Star Continental European Equity which is also managed by Niall Gallagher of GAM International Management Limited.

At the period end accrued expenses included amounts owing to the ACD of £74,598 (2017: £9,087). The charge for the period 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 four share classes.

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

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

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 112 to 114.

The distribution per share class is given in the Distribution Tables on pages 115 and 116. All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 31 December 2018, the Fund had no capital commitments and no contingent liabilities.

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 Fund's potential exposure to market risk using the commitment method.

If market prices increase or decrease by 10%, then the impact on the portfolio will be an increase or decrease of 10% (£14,076,517) (2017: £2,109,603).

(b) Foreign currency risk

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

Notes to the Financial Statements

As at 31 December the Fund had the following net currency exposure (excluding sterling):

	Currency exposure 31 December 2018 £'000	Currency exposure 31 December 2017 £'000
Danish krone	2	30
Euro	145	(9)
Swiss franc	20	(6)
US dollar	(5)	–
	162	15

A 10% increase/decrease in the GBP exchange rate against all other currencies, assuming all other factors remained the same, would have a £14,728 decrease (2017: £1,345) and £18,001 increase (2017: £1,644) respectively on the net assets of the Fund.

(c) Liquidity risk

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

The 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 2018	< 1 month £'000	1-3 months £'000
Amounts payable on forward contracts	136	–
Amounts payable for shares cancelled	49	–
Purchases awaiting settlement	3,472	–
Accrued expenses	147	–
Distribution payable on income shares	–	2,240
Net assets attributable to shareholders	149,960	–
	153,764	2,240

As at 31 December 2017	< 1 month £'000	1-3 months £'000
Amounts payable on forward contracts	5	–
Purchases awaiting settlement	138	–
Accrued expenses	29	–
Distribution payable on income shares	–	1
Net assets attributable to shareholders	21,463	–
	21,635	1

(d) Redemption risk

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

At 31 December 2018 the Fund held cash deposits of £5,675,749 (2017: £402,692) with J.P. Morgan Europe 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 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 the notes to the financial statements for the Fund.

Otherwise, 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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Equities	177,259	21,303	43,130	522
Bonds	2,380	–	–	–
Trades in the year before transaction costs	179,639	21,303	43,130	522
Commissions				
Equities	51	8	(17)	–
Taxes				
Equities	512	87	–	–
Total taxes	512	87	–	–
Total costs	563	95	(17)	–
Total net trades in the year after transaction costs	180,202	21,398	43,113	522

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

	Purchases		Sales	
	2018 %	2017 %	2018 %	2017 %
Commissions				
Equities	0.03	0.04	(0.04)	–
Bonds	–	–	–	–
Taxes				
Equities	0.29	0.41	–	–
Bonds	–	–	–	–

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

	2018 %	2017 %
Commissions	0.07	0.04
Taxes	0.56	0.42
Total costs	0.63	0.46

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 1.08% (2017: 0.58%).

16. Events during the year

On 2 August 2018, GAM UK Diversified merged with GAM UK Equity Income. The merger was proposed as both funds were managed by the same portfolio managers, very similar investment universe, investment objective and policy. The merger was completed by the transfer of assets from GAM UK Diversified to GAM UK Equity Income.

17. Events after the Balance Sheet date

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)	2017 (p)
Z Distribution – Income Shares⁽¹⁾		
Change in net assets per share		
Opening net asset value per share	1,009.72	1,000.00
Return before operating charges*	(74.87)	15.19
Operating charges	(6.34)	(1.07)
Return after operating charges*	(81.21)	14.12
Distributions on income shares	(42.56)	(4.40)
Closing net asset value per share	885.95	1,009.72
* including direct transaction costs of:	6.24	4.41
Performance		
Return after charges	(8.04%)	1.41%
Other information		
Closing net asset value (£'000)	79,432	221
Closing number of shares	8,965,676	21,898
Operating charges	0.64%	0.64%
Direct transaction costs	0.63%	0.46%
Prices		
Highest share price	1,041.41	1,014.12
Lowest share price	891.22	973.48
	2018 (p)	2017 (p)
Z Distribution – Accumulation Shares⁽¹⁾		
Change in net assets per share		
Opening net asset value per share	1,014.71	1,000.00
Return before operating charges*	(77.48)	15.83
Operating charges	(6.75)	(1.12)
Return after operating charges*	(84.23)	14.71
Distributions on accumulation shares	(37.26)	(3.96)
Retained distributions on accumulation shares	37.26	3.96
Closing net asset value per share	930.48	1,014.71
* including direct transaction costs of:	6.36	4.64
Performance		
Return after charges	(8.30%)	1.47%
Other information		
Closing net asset value (£'000)	32,213	21,221
Closing number of shares	3,462,007	2,091,359
Operating charges	0.67%	0.64%
Direct transaction costs	0.63%	0.46%
Prices		
Highest share price	1,056.73	1,014.71
Lowest share price	913.62	973.50

⁽¹⁾ Share class launched 30 October 2017.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)	2017 (p)
Institutional Class – Income Shares⁽¹⁾		
Change in net assets per share		
Opening net asset value per share	1,009.82	1,000.00
Return before operating charges*	(75.20)	15.88
Operating charges	(8.31)	(1.54)
Return after operating charges*	(83.51)	14.34
Distributions on income shares	(42.89)	(4.52)
Closing net asset value per share	883.42	1,009.82
* including direct transaction costs of:	6.24	4.85
Performance		
Return after charges	(8.27%)	1.43%
Other information		
Closing net asset value (£'000)	11,979	10
Closing number of shares	1,355,974	1,000
Operating charges	0.84%	0.84%
Direct transaction costs	0.63%	0.46%
Prices		
Highest share price	1,040.03	1,014.34
Lowest share price	888.70	973.83
	2018 (p)	2017 (p)
Institutional Class – Accumulation Shares⁽¹⁾		
Change in net assets per share		
Opening net asset value per share	1,014.34	1,000.00
Return before operating charges*	(77.54)	15.81
Operating charges	(8.53)	(1.47)
Return after operating charges*	(86.07)	14.34
Distributions on accumulation shares	(35.20)	(3.60)
Retained distributions on accumulation shares	35.20	3.60
Closing net asset value per share	928.27	1,014.34
* including direct transaction costs of:	6.41	4.64
Performance		
Return after charges	(8.49%)	1.43%
Other information		
Closing net asset value (£'000)	26,336	10
Closing number of shares	2,837,074	1,000
Operating charges	0.84%	0.84%
Direct transaction costs	0.63%	0.46%
Prices		
Highest share price	1,055.07	1,014.34
Lowest share price	911.47	973.83

⁽¹⁾ Share class launched 30 October 2017.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)
R Class – Accumulation Shares⁽¹⁾	
Change in net assets per share	
Opening net asset value per share	1,000.00
Return before operating charges*	1.68
Operating charges	–
Return after operating charges*	1.68
Distributions on accumulation shares	–
Return to shareholder as a result of class closure	(1,001.68)
Closing net asset value per share	–
* including direct transaction costs of:	6.36
Performance	
Return after charges	0.17%
Other information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges	–%
Direct transaction costs	0.63%
Prices	
Highest share price	1,000.00
Lowest share price	940.32

⁽¹⁾ Share class launched 9 August 2018 and closed 23 October 2018.

Distribution Tables

Distribution in pence per share

Group 1 Interim Shares purchased prior to 1 January 2018

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

Group 1 Final Shares purchased prior to 1 July 2018

Group 2 Final Shares purchased on or between 1 July 2018 and 31 December 2018

Z Distribution – Income Shares

	Net revenue	Equalisation	Distribution paid/payable 2018/2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Interim	20.8500	–	20.8500	–
Final	21.7100	–	21.7100	4.4000
Group 2	(p)	(p)	(p)	(p)
Interim	4.9900	15.8600	20.8500	–
Final	6.7400	14.9700	21.7100	4.4000

Z Distribution – Accumulation Shares

	Net revenue	Equalisation	Distribution paid/payable 2018/2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Interim	17.9400	–	17.9400	–
Final	19.3200	–	19.3200	3.9600
Group 2	(p)	(p)	(p)	(p)
Interim	9.7700	8.1700	17.9400	–
Final	12.1100	7.2100	19.3200	3.9600

Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution paid/payable 2018/2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Interim	21.2400	–	21.2400	–
Final	21.6500	–	21.6500	4.5200
Group 2	(p)	(p)	(p)	(p)
Interim	21.2400	–	21.2400	–
Final	17.1900	4.4600	21.6500	4.5200

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution paid/payable 2018/2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Interim	16.9500	–	16.9500	–
Final	18.2500	–	18.2500	3.6000
Group 2	(p)	(p)	(p)	(p)
Interim	10.4600	6.4900	16.9500	–
Final	14.8300	3.4200	18.2500	3.6000

Distribution Tables

R Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	–
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	–

Equalisation

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

Manager: Andrew Green

Commentary (unaudited)

The Fund was launched on 26 February 2018 and over the period to 31 December 2018 it underperformed its benchmark, the MSCI World Index in GBP.

Towards the end of the first quarter of 2018, when the Fund launched, it was apparent that markets were extended, particularly in the US. The lax conditions occasioned by quantitative easing had been exacerbated by the Trump tax cuts, leading to a resultant rally in stock prices. Our strategy then was to build a portfolio of distressed, or extreme value, stocks alongside a large US dollar cash position, and gold and platinum shares.

While the latter played a large part in generating a strong performance over the last quarter of the year, the effect was diluted by extreme weakness in many of the bank shares where the Fund had large positions. Therefore, while AngloGold Ashanti, Impala Platinum, Barrick Gold, and Gold Fields gave strong returns, these were more than absorbed by Commerzbank, Royal Bank of Scotland, Mitsubishi UFJ Financial, and Sumitomo Mitsui Financial. Bank shares are now at historic lows relative to the market, while balance sheets are substantially stronger and dividend yields much higher than at the time of the Global Financial Crisis.

What is now required is a catalyst that will lead to outperformance in the banking sector and this may now be in the offing. The US Federal Reserve has recently hinted that rate rises may be fewer than the market had anticipated, despite recent job and growth figures indicating a continuing robustness in the economy. We could, therefore, see greater loan demand with a widening of depressed margins allowing the cost cutting measures of recent years to flow through to a big jump in banks' profits.

We anticipate committing further funds to certain depressed equity positions as opportunities allow, while still maintaining a good cash buffer. The high beta on these positions should provide outperformance, without the need to sacrifice our cautious approach.

The top holdings contributing to performance during 2018 were BP, RWE and AngloGold Ashanti. The bottom holdings were Commerzbank, Telecom Italia and Royal Bank of Scotland.

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2018 %
Japan	17.55
United Kingdom	15.04
United States	10.92
Italy	8.65
South Africa	8.29
Germany	3.61
France	2.99
Switzerland	1.49
Spain	1.46
Greece	0.81
Chile	0.63
Ireland	0.38
Net other assets	28.18
Total net assets	100.00

Analysis, by industry sector	31 December 2018 %
Financials	32.10
Basic Materials	12.27
Industrials	5.95
Oil & Gas	5.65
Telecommunications	5.10
Technology	4.07
Consumer Services	3.16
Utilities	1.95
Consumer Goods	1.57
Net other assets	28.18
Total net assets	100.00

Analysis, by investment	31 December 2018 %
Equity Quoted	71.82
Net other assets	28.18
Total net assets	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.

- 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.
- The lowest category does not mean 'risk free'.
- The Fund does not offer any capital guarantee or assurance that the investor will receive a fixed amount when redeeming.

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

- **Equity:** investments in equities (directly or indirectly via derivatives) may be subject to significant fluctuations in value.
- **Investment Positions:** positions may increase in size relative to the size of the Fund. The risk is monitored by regularly adapting positions.
- **Brexit Risk:** the regulatory regime to which certain of the Investment Managers are subject to in the UK could be materially and adversely affected. The decision to leave the EU could also result in substantial volatility in foreign exchange markets and a sustained period of uncertainty for the UK, the EU and the global markets in general.

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund – please refer to www.gam.com for how to obtain a copy.

Portfolio Statement

as at 31 December 2018

Holdings	Description	Market Value £'000	% of Net Assets
Japan 17.55%			
296,100	Sumitomo Mitsui Financial	7,724	3.61
1,942,500	Resona	7,350	3.44
1,876,100	Mitsubishi UFJ Financial	7,222	3.38
88,400	Fujitsu	4,332	2.03
278,900	Mitsubishi Estate	3,452	1.62
255,700	Nippon Steel & Sumitomo Metal	3,463	1.62
165,100	Tokyo Broadcasting System	2,056	0.96
205,400	Credit Saison	1,898	0.89
		37,497	17.55
United Kingdom 15.04%			
4,081,823	Royal Bank of Scotland	8,845	4.14
4,113,120	Capita	4,617	2.16
521,153	Land Securities REIT*	4,192	1.96
743,980	RSA Insurance	3,821	1.79
607,055	Standard Chartered	3,699	1.73
2,122,226	Vodafone	3,245	1.52
1,518,913	Firstgroup	1,267	0.59
2,724,190	Lonmin	1,229	0.58
425,147	Marks & Spencer	1,051	0.49
12,403,392	Fastjet	170	0.08
1,973,381	Fastjet Warrants Expiry date 31/07/2021	–	–
		32,136	15.04
United States 10.92%			
303,351	Apache	6,252	2.93
48,903	International Business Machines	4,365	2.04
93,425	Citigroup	3,819	1.79
139,713	Newmont Mining	3,801	1.78
518,770	General Electric	3,083	1.44
390,523	Coty	2,011	0.94
		23,331	10.92
Italy 8.65%			
17,607,478	Telecom Italia	7,638	3.58
1,982,586	Saipem	5,810	2.72
728,097	Leonardo	5,018	2.35
		18,466	8.65
South Africa 8.29%			
622,088	AngloGold Ashanti	6,171	2.89
2,869,116	Impala Platinum	5,744	2.69
1,772,166	Gold Fields	4,773	2.23
1,889,518	Sibanye Gold	1,033	0.48
		17,721	8.29

* Real Estate Investment Trust (REIT).

Portfolio Statement

as at 31 December 2018

Holdings	Description	Market Value £'000	% of Net Assets
	Germany 3.61%		
1,487,788	Commerzbank	7,723	3.61
		7,723	3.61
	France 2.99%		
369,887	Engie	4,158	1.95
166,534	Carrefour	2,229	1.04
		6,387	2.99
	Switzerland 1.49%		
368,833	Credit Suisse	3,173	1.49
		3,173	1.49
	Spain 1.46%		
3,480,118	Banco de Sabadell	3,125	1.46
		3,125	1.46
	Greece 0.81%		
1,746,096	National Bank of Greece	1,724	0.81
		1,724	0.81
	Chile 0.63%		
44,102	Vina Concha y Toro ADR	1,352	0.63
		1,352	0.63
	Ireland 0.38%		
242,833	AIB	802	0.38
		802	0.38
	Total Investments	153,437	71.82
	Net other assets	60,213	28.18
	Total net assets	213,650	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.

Statement of Material Portfolio Changes (unaudited)

for the period ended 31 December 2018

Major Purchases	Cost £'000	Total Sales	Proceeds £'000
Vodafone	9,342	Newmont Mining	12,915
Land Securities REIT	9,231	RWE	9,175
Engie	9,220	Marks & Spencer	7,633
Koninklijke KPN	7,051	Vivendi	7,509
Apache	6,773	Barrick Gold	7,180
Barrick Gold	6,714	Koninklijke KPN	6,760
Commerzbank	6,383	E.ON	6,658
Marks & Spencer	6,188	J Sainsbury	6,159
J Sainsbury	5,058	Aegon	5,922
Coty	5,021	Vodafone	5,915
Standard Chartered	4,637	Citigroup	5,799
International Business Machines	4,534	Engie	5,337
Bayer	4,394	Pearson	5,325
Telecom Italia	4,266	Telefonica	5,068
Banco de Sabadell	3,962	Land Securities REIT	4,765
Credit Saison	3,703	Bunge	4,662
Newmont Mining	3,457	Carrefour	4,596
Carrefour	3,347	Bayer	4,195
Capita	2,740	Inmarsat	3,881
Gold Fields	2,705	Telefonaktiebolaget LM Ericsson	3,530
Total purchases for the period	155,839	Total sales for the period	172,354

Statement of Total Return

for the period 28 February 2018 to 31 December 2018

	Notes	31 December 2018	
		£'000	£'000
Income			
Net capital losses	2		(20,372)
Revenue	3	5,181	
Expenses	4	(1,334)	
Interest payable and similar charges		(14)	
Net revenue before taxation		3,833	
Taxation	5	(408)	
Net revenue after taxation			3,425
Total return before distribution			(16,947)
Distribution	6		(3,425)
Change in net assets attributable to shareholders from investment activities			(20,372)

Statement of Change in Net Assets Attributable to Shareholders

for the period 28 February 2018 to 31 December 2018

	31 December 2018	
	£'000	£'000
Opening net assets attributable to shareholders		—
In-specie transfer*	260,658	
Amounts receivable on creation of shares	8,600	
Less: Amounts payable on cancellation of shares	(38,055)	
		231,203
Change in net assets attributable to shareholders from investment activities		(20,372)
Retained distribution on accumulation shares		2,819
Closing net assets attributable to shareholders		213,650

* Amounts received from GAM Global Diversified.

Balance Sheet

as at 31 December 2018

	Notes	31 December 2018 £'000
Assets:		
Fixed Assets:		
Investments		153,437
Current assets:		
Debtors	7	444
Cash and bank balances	8	63,693
Total assets		217,574
Liabilities:		
Creditors:		
Distribution payable		(390)
Other creditors	9	(3,534)
Total other liabilities		(3,924)
Net Assets Attributable to Shareholders		213,650

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 and liabilities measured at fair value at 31 December 2018:

Valuation technique	31 December 2018	
	Assets £'000	Liabilities £'000
Level 1	153,437	–
Level 2	–	–
Level 3	–	–
Total investments at fair value	153,437	–

2. Net capital losses

The net capital losses during the period comprise:

	31 December 2018 £'000
Non-derivative securities	(21,044)
Forward foreign exchange currency contracts	(41)
Currency losses	714
Handling charges	(1)
Net capital (losses)	(20,372)

3. Revenue

	31 December 2018 £'000
UK dividends	765
Overseas dividends	3,590
Bank interest	185
Overseas scrip dividends	216
UK scrip dividends	385
UK PID scrip dividends	40
Total revenue	5,181

Notes to the Financial Statements

4. Expenses

	31 December 2018 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:	
ACD's periodic charge	1,295
Capped OCF rebate	(7)
Payable to the Depositary's, associates of the Depositary's, and agents of either of them:	
Depositary's fees	37
Safekeeping charge	9
Total expenses	1,334

5. Taxation

	31 December 2018 £'000
a) Analysis of tax charge in the period:	
Overseas tax	408
Total current tax (note 5b)	408
b) Factors affecting current tax charge for the period:	
The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20%. The differences are explained below:	
Net revenue before taxation	3,834
Corporation tax of 20%	767
Effects of:	
UK dividends	(153)
Non-taxable scrip dividends	(120)
Overseas non-taxable revenue	(717)
Movement in excess management expenses	223
Overseas tax	408
Current tax charge for the period (note 5a)	408

c) Deferred taxation:

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

d) Factors that may affect future tax charges:

At the period end, after offset against income taxable on receipt, there is a potential deferred tax asset of £223,192 in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

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:

	31 December 2018 £'000
Final	3,209
Add: Revenue deducted on cancellation of shares	292
Deduct: Revenue received on creation of shares	(76)
Net distribution for the period	3,425

7. Debtors

	31 December 2018 £'000
Amounts receivable for issue of shares	73
Accrued revenue	197
Overseas tax recoverable	167
Reimbursement for capped expenses	7
Total debtors	444

8. Cash and bank balances

	31 December 2018 £'000
Cash and bank balances	27,555
Short term deposits	36,138
Total cash and bank balances	63,693

9. Creditors

	31 December 2018 £'000
Purchases awaiting settlement	3,411
Accrued expenses	123
Total creditors	3,534

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	1 January 2018 Opening shares in issue	Issued	Redeemed	31 December 2018 Closing shares in issue
Institutional Class USD – Income Shares	–	3,918,864	–	3,918,864
Institutional Class – Accumulation Shares	–	24,116,813	3,808,108	20,308,705

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

Notes to the Financial Statements

11. Related party transactions

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

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

At the period end accrued expenses included amounts owing to the ACD of £116,873. The charge for the period 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 two share classes.

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

	%
Institutional Class USD – Income Shares:	0.63
Institutional Class – Accumulation Shares:	0.63

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 130.

The distribution per share class is given in the Distribution Tables on page 131.

13. Capital commitments and contingent liabilities

On 31 December 2018, the Fund had no capital commitments and no contingent liabilities.

14. Derivatives and other financial instruments

The main risks arising from the Funds' 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 commitment method.

If market prices increase or decrease by 10%, then the impact on the portfolio will be an increase or decrease of 10% (£15,343,703).

(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 the following net currency exposure (excluding sterling):

	Currency exposure 31 December 2018 £'000
Euro	38,391
Japanese yen	37,497
South African rand	17,725
Swiss franc	1,062
US dollar	47,373
	142,048

A 10% increase/decrease in the GBP exchange rate against all other currencies, assuming all other factors remained the same, would have a £1,291,339 decrease and £1,578,304 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.

The table below analyses the Fund 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 2018	< 1 month £'000	1-3 months £'000
Purchases awaiting settlement	3,411	–
Accrued expenses	123	–
Distribution payable on income shares	–	390
Net assets attributable to shareholders	213,650	–
	217,184	390

(d) Redemption risk

The main liability of the Fund is the redemption of any shares that investors wish to sell. Large redemptions of shares in the Fund might result in 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 a credit risk on counterparties with whom it trades and may bear the risk of settlement default. Counterparty risk is limited in that most securities are settled on delivery against payment in the recognised clearing systems and the risk of default is considered minimal as security delivery and payment are simultaneous.

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.

At 31 December 2018 the Fund held cash deposits of £27,554,897 with J.P. Morgan Europe Limited, £36,137,767 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.

(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 the notes to the financial statements for each Fund. Otherwise, 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 Funds 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 2018 £'000	Sales 2018 £'000
Equities	348,993	172,353
Trades in the period before transaction costs	348,993	172,353
Commissions		
Equities	60	(59)
Total commissions	60	(59)
Taxes		
Equities	310	(1)
Total taxes	310	(1)
Total costs	370	(60)
Total net trades in the period after transaction costs	349,363	172,293

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

	Purchases 2018 %	Sales 2018 %
Commissions		
Equities	0.02	(0.03)
Taxes		
Equities	0.09	(0.00)

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

	2018 %
Commissions	0.05
Taxes	0.12
Total costs	0.17

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.25%.

16. Events during the period

GAM Global Eclectic Equity managed by Andrew Green was launched on 26 February 2018.

On 26 February 2018, an in-specie transfer of assets from GAM Global Diversified to GAM Global Eclectic Equity occurred to allow for the launch of GAM Global Eclectic Equity.

17. Events after the Balance Sheet date

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2018 (p)
Institutional USD Income Shares⁽¹⁾	
Change in net assets per share	
Opening net asset value per share	1,000.00
Return before operating charges*	(161.29)
Operating charges	(5.25)
Return after operating charges*	(166.54)
Distributions on income shares	(12.68)
Closing net asset value per share	833.32
* including direct transaction costs of:	2.08
Performance	
Return after charges	(16.65%)
Other information	
Closing net asset value (£'000)	32,657
Closing number of shares	3,918,864
Operating charges	0.65%
Direct transaction costs	0.22%
Prices	
Highest share price	1,011.35
Lowest share price	831.89
	2018 (p)
Institutional GBP Accumulation Shares⁽¹⁾	
Change in net assets per share	
Opening net asset value per share	1,000.00
Return before operating charges*	(68.77)
Operating charges	(5.48)
Return after operating charges*	(74.25)
Distributions on accumulation shares	(13.87)
Retained distributions on accumulation shares	13.87
Closing net asset value per share	925.75
* including direct transaction costs of:	1.70
Performance	
Return after charges	(7.43%)
Other information	
Closing net asset value (£'000)	188,008
Closing number of shares	20,308,705
Operating charges	0.65%
Direct transaction costs	0.17%
Prices	
Highest share price	1,040.15
Lowest share price	917.63

⁽¹⁾ Share class launched on 28 February 2018.

Distribution Tables

Distribution in pence and cents per share

Group 2 Final Shares purchased on or between 28 February 2018 and 31 December 2018

Institutional USD Income Shares⁽¹⁾

	Net revenue	Equalisation	Distribution payable 2019
Group 1	(c)	(c)	(c)
Final	12.6800	–	12.6800
Group 2	(c)	(c)	(c)
Final	12.6800	–	12.6800

Institutional GBP Accumulation Shares⁽¹⁾

	Net revenue	Equalisation	Distribution payable 2019
Group 1	(p)	(p)	(p)
Final	13.8800	–	13.8800
Group 2	(p)	(p)	(p)
Final	13.5100	0.3700	13.8800

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.

⁽¹⁾ Share class launched on 28 February 2018.

GAM European Systematic Value & Income

GAM European Systematic Value & Income ceased trading on 28 September 2009.

Statement of Total Return

for the year ended 31 December 2018

Notes	31 December 2018		31 December 2017	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		–		–
Revenue	–		–	
Expenses	–		–	
Interest payable and similar charges	–		–	
Net revenue before taxation	–		–	
Taxation	–		–	
Net revenue after taxation		–		–
Total return before distribution		–		–
Distribution		–		–
Change in net assets attributable to shareholders from investment activities		–		–

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2018

	31 December 2018		31 December 2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		–		–
Movement due to creation and cancellation of shares:				
Amounts receivable on creation of shares	–		–	
Less: Amounts payable on cancellation of shares	–		–	
		–		–
Dilution adjustment		–		–
Change in net assets attributable to shareholders from investment activities		–		–
Retained distribution on accumulation shares		–		–
Closing net assets attributable to shareholders		–		–

GAM European Systematic Value & Income ceased trading on 28 September 2009.

Balance Sheet

as at 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
Assets:			
Fixed Assets:			
Investments		–	–
Cash and bank balances	1	–	2
Total assets		–	2
Liabilities:			
Creditors:			
Distribution payable		–	–
Other creditors	2	–	(2)
Total other liabilities		–	(2)
Net Assets Attributable to Shareholders		–	–

Notes to the Financial Statements

1. Cash and bank balances

	31 December 2018 £'000	31 December 2017 £'000
Cash and bank balances	–	2
Total cash and bank balances	–	2

2. Creditors

	31 December 2018 £'000	31 December 2017 £'000
Other creditors	–	2
Total creditors	–	2

Distribution Tables

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2018

Group 2 Final Shares purchased between 1 January 2018 and 31 December 2018

Income Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	–
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	–

Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2019	Distribution paid 2018
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	–
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	–

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 purpose Statement of the Authorised Corporate Director's Responsibilities

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 Authorised Corporate Director:

- (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 2019

Independent Auditor's Report

Report on the audit of the financial statements

Opinion

In our opinion, GAM Fund's financial statements:

- give a true and fair view of the financial position of the Company and each of the Funds as at 31 December 2018 and of the net revenue/(expenses) and the net capital gains/(losses) of the scheme property of the Company and each of the Funds for the period 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 (the "Company") is an Open Ended Investment Company ("OEIC") with 9 Funds (7 active and 2 closed). 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 2018; the statement of total return and the statement of change in net assets attributable to shareholders for the period 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 Authorised Corporate Director's Responsibilities set out on page 136, 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.

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

26 April 2019

Notes:

- a) The maintenance and integrity of the GAM Funds 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 on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of 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 sole director of GAM Funds and is responsible for all aspects of administration and management within the OEIC. The ACD is GAM Sterling Management Limited, 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.

Minimum initial investment

The minimum initial investment in all Funds except GAM Global Eclectic Equity is £6,000 for the A and R classes, £20,000,000 for the Z and Z II classes and £12,000,000 for the Institutional classes. The minimum initial investment in GAM Global Eclectic Equity is £10,000 for the A and R classes and £20,000,000 for the Z, ZII and Institutional classes.

Distributions

The annual income payment date of each 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.

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	A	Institutional & 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	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%
GAM UK Diversified	Up to 1.50%	Up to 1.05%	Up to 1.50%

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

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

Taxation for UK Shareholders

An individual shareholder who is resident (for tax purposes) in the United Kingdom is entitled to a £2,000 (2017/2018: £5,000) tax free dividend allowance. Dividends above this

level are taxed at 7.5% (basic rate), 32.5% (higher rate) and 38.1% (additional rate).

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

Corporate shareholders are subject to different treatment.

Prospectus

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

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

Reports and Accounts

The annual report of the Company will be published within four months of the year end and the half-yearly report within two months of the half year end in each year. Copies of the reports are available upon request from the ACD or via the internet at www.gam.com. The audited annual reports of the various Master funds that are held by the relevant 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 Fund, and shall not be available for any such purpose.

Events during the year

- Ali Miremadi replaced Andrew Green as Manager of GAM Global Diversified with effect from 12 February 2018.
- GAM Global Eclectic Equity managed by Andrew Green was launched on 26 February 2018.
- Adrian Gosden and Chris Morrison replaced Andrew Green as Manager of GAM UK Diversified with effect from 1 January 2018.
- An updated prospectus was released on 26 February 2018.
- With effect from 26 July 2018, GAM International Growth & Value, the only remaining Fund of GAM Growth & Value Funds, merged with GAM Global Diversified.
- With effect from 2 August 2018, GAM UK Diversified merged with GAM UK Equity Income.

Additional Information for Shareholders from Switzerland

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

1. Distribution in Switzerland

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

The address of the Swiss Representative is:
GAM Capital Management (Switzerland) Ltd
Hardstrasse 201
P.O. Box
CH 8005 Zurich
Switzerland

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

2. Paying Agent

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

3. Taxation in Switzerland

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

4. Publications

Publication media of the Company for Switzerland, in particular regarding the publication of changes to the Articles of Association and the Prospectus is on the website www.fundinfo.com.

The net asset value per share of each Fund shall be published on each day on which shares are issued or redeemed, therefore daily, with the reference "exclusive commissions" on the www.fundinfo.com website.

5. Purchases and Sales

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

6. Fees

Fund	A	Institutional & 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	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%
GAM UK Diversified	Up to 1.50%	Up to 1.05%	Up to 1.50%

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

"A" Shares

Administration (ACD, Administrator)	up to 0.15% p.a
Asset Management (Investment Adviser)	up to 1.35% p.a

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

7. Trailer Fees and Reimbursements

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

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

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

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

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

8. Place of Performance and Court of Jurisdiction

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

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 ("the Board"). The Board is supported in compensation-related issues by the Compensation Committee ("CompC").

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

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

Link between pay and performance.

As described above, GAM Group operates a Group-wide remuneration policy, which applies to all employees across the Group including the above entities. The compensation structure is simple and straight-forward. It is first and foremost designed to safeguard the long-term success and prosperity of the shareholders. A robust performance management

system forms part of the compensation process and enables us to reward success and minimise the possibility of payment for failure.

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

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

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

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

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

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

Identified Staff identification

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

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

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

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

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

Quantitative disclosures

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

GAM Sterling Management Limited manages two UCITS funds, with a combined AUM of £721 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 2018, in total 25 individuals fell within the Identified Staff identification. The lists of Identified Staff are subject to regular review by the CMC and approved by the local entity’s Board of Directors. All Identified Staff are notified of their identification and the implications of this status annually.

Total Remuneration paid to Identified Staff in the Management Company	£7,910,579
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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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