
GAM Funds

Annual Report

for the year ended 31 December 2019

Table of Contents

Directory*	2
Authorised Corporate Director's Report*	3
Investment Objectives and Policy (unaudited)*	3
Summary of Significant Accounting policies applicable to all Funds	5
GAM Global Diversified*	6
GAM North American Growth*	27
GAM UK Diversified*	44
GAM Credit Opportunities (GBP)*	53
GAM Continental European Equity*	67
GAM Emerging Equity*	80
GAM UK Equity Income*	92
GAM Global Eclectic Equity Fund*	114
Statement of the Authorised Corporate Director's Responsibilities	129
Statement of Depositary's Responsibilities in respect of the Company	129
Report of the Depositary	130
Independent Auditor's Report	131
General Information (unaudited)	133
Contacts*	138

* 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

Matthew Beesley

Director, GAM Sterling Management Limited
(Resigned 3 December 2019)

Kaspar Boehni

Director, GAM Sterling Management Limited
(Appointed 1 March 2020)

Douglas Branson

Director, GAM Sterling Management Limited

Daniel Caplan

Director, GAM Sterling Management Limited
(Resigned 22 July 2019)

Tom Dowd

Director, GAM Sterling Management Limited
(Resigned 1 May 2019)

Simon Ellis

Independent Non-Executive Director
(Appointed on 9 December 2019)

Sybille Hofmann

Independent Non-Executive Director
(Appointed on 5 November 2019)

Darren Nicholls

Head of Risk (UK), GAM Sterling Management Limited

Andrew Pratt

UK Financial Controller, GAM Sterling Management Limited
(Appointed on 8 November 2019)

Timothy Rainsford

Director, GAM Sterling Management Limited
(Appointed 1 March 2020)

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

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

Depository

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

Independent Auditors

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

Administrator

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

Transfer Agent and Facilities Agent in Ireland

GAM Fund Management Limited
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 2019.

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 2018.

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

Kaspar Boehni
Director

Andrew Pratt
Director

27 April 2020

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.

GAM North American Growth

The objective of the Fund is to provide capital growth.

GAM UK Diversified

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

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

GAM Credit Opportunities (GBP)

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

GAM Continental European Equity

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

GAM Emerging Equity

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

GAM UK Equity Income

The objective of the Fund is to provide income. The Fund also seeks to achieve capital appreciation.

GAM Global Eclectic Equity Fund

The objective of the Fund is to provide capital appreciation.

General

GAM Global Diversified 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, GAM UK Equity Income and GAM Global Eclectic Equity Fund, 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 2019 none of the Funds held holdings of another Fund of the Company.

Assessment of Value

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

Summary of Significant Accounting policies applicable to all Funds

- (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 the individual Funds, have been prepared under the historical cost basis, as modified by the revaluation of investments, except for GAM UK Diversified and GAM Global Eclectic Equity Fund 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 2019. 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 2019	31 December 2018
Australian dollar	1.8846	1.8091
Canadian dollar	1.7179	1.7395
Danish krone	8.8189	8.3140
Euro	1.1802	1.1141
Hong Kong dollar	10.3222	N/A
Japanese yen	143.9673	139.7330
New Zealand dollar	1.9636	1.8993
Norwegian krone	11.6410	11.0283
South African rand	18.5247	18.3207
Swedish krona	12.4011	11.2915
Swiss franc	1.2828	1.2555
Thai baht	39.6813	41.4684
US dollar	1.3248	1.2736

- (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.

Commentary (unaudited)

The Fund's NAV rose 20.5% (as measured by the A Accumulated class) during 2019 versus a rise of 23.4% by its benchmark the MSCI World Index.

The first quarter of 2019 saw equity markets have a strong start to the year and this was reflected in the strategy's performance. January was a strong month for global equities. There were, as ever, a number of factors behind the rise. US Federal Reserve (Fed) Governor Powell made some comments which had been interpreted by many to suggest that the Fed may be closer to the end of its interest rate hikes than had previously been expected. However, the biggest reason for the rally, in our view, was the oversold nature of equity markets after a miserable fourth quarter last year and a material derating of global equity valuations. In 2018, investor positioning had become very negative during the second half of that year and there is some degree of correction to activity so far in 2019. However positioning is ultimately a short term phenomenon – it is economic and company fundamentals that drive returns. The most important fundamental change of the first quarter of 2019 has been in the outlook for long-term interest rates. At one point last year US 10-year Treasury yields broke upward through 3% and there was some hope that the global economy had finally broken out of the post GFC malaise. Since then however economic indicators in most of the world have slowed, the Federal Reserve and ECB have tempered their forecasts and long term rates have consequently fallen lower. Today there is no positive real return available in 10 year government bond yields, once inflation has been taken into account. Instead nominal yields are just 2.48% in the US, 1.1% in the UK and below zero in both Germany and Japan.

April saw global equity markets move higher, extending their strong start to the year. For the month the Fund was ahead of the benchmark. Technology was among the strongest individual sectors during the month. The recovery of global equities, which has been an underlying theme of the first four months of the year, reversed abruptly in May. The narrative of the month was, on the surface, largely driven by commentary around potential disruption to global trade driven by hints of change from the US Administration. June was a very strong month for global equities. While this makes for an impressive first-half absolute return for global equities, it only takes the MSCI World back to where it was at the end of last September, before the sharp sell-off of the fourth quarter. The movement of the headline indices comes against a backdrop of generally disappointing economic data and enduring low yields in both government bond and credit markets.

July was a month which sparked much debate on the matter of the "cycle". On the last day of the month the Federal Reserve cut overnight rates by 25 bps – the first cut since the financial crisis – and accompanied it with the comment that this is a "mid-cycle adjustment". The meaning of this seemingly innocuous phrase has been discussed and interpreted by financial market commentators. However, it seems likely that Chairman Powell doubtless simply wanted to maintain some room for manoeuvre going forward. After all, the US economy is broadly healthy, even though the rest of the world seems to be slowing. Many other people – including the US president – are eager for substantially more rate cuts and market moves over the month suggest that we are perhaps closer to the end than the middle of the economic cycle. August was a dramatic month for global equities. While the benchmark MSCI World Index fell 2% on the month, sector performance was hugely varied. There has been significant commentary around 'value' versus 'momentum' strategies over the past few years. Our investment philosophy is based firmly on deep fundamental analysis of individual stocks, and we therefore have an aversion to broad-brush analysis of 'factors'. September was a fascinating month for capital markets, even by the standards of the absorbing period which has prevailed over the past few years. The Fund rose over the month, broadly in line with the benchmark MSCI World Index.

Quarter four of 2019 was positive and December saw a strong end to the calendar year, with the strategy outperforming the 0.6% rise of its benchmark, the MSCI World Index (USD). Better mood music between the US and China helped this along, though perhaps the most striking feature was that December was a strong month to conclude a remarkably positive year for global equities. On a relative basis our Chinese ecommerce holdings Alibaba and Tencent were positive contributors, as was the oil tanker owner Euronav, oil company Apache and new holding Trainline in the UK, the latter being perhaps a beneficiary of the defeat of the Labour Party in the UK general election during the month. The biggest drags on relative performance were Lennar, Unilever and UPS. We remain positive on all three holdings and indeed added to Lennar and Unilever during the month on weakness. During the month we sold out of Heidelberg entirely, as well as reducing our holdings in CRH and Euronav after strong performance. We made three new investments, Reliance Industries, Trip.com and Trainline.

The top holdings contributing to performance during 2019 were Lennar, Euronav NV NPV and CRH. The bottom holdings were Guyana, Flexlng and Haliburton.

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2019 %	31 December 2018 %
United States	32.22	34.87
United Kingdom	14.08	6.94
China	10.76	4.07
Ireland	6.89	2.99
Canada	5.48	6.54
Netherlands	3.97	3.86
Italy	3.79	5.78
Germany	3.59	6.14
France	3.49	6.71
Switzerland	3.27	2.65
Belgium	3.09	3.23
Sweden	2.60	–
India	1.93	3.47
Australia	1.75	0.92
Japan	1.02	5.12
Norway	–	1.00
Net other assets	2.07	5.71
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2019 %	31 December 2018 %
Banks	12.27	12.13
Retailing	9.41	–
Health Care Equipment & Services	9.29	4.56
Household & Personal Products	9.09	6.01
Food Beverage & Tobacco	8.73	7.34
Materials	8.52	9.53
Software & Services	7.37	3.62
Media & Entertainment	7.32	5.64
Energy	7.19	13.89
Consumer Durables & Apparel	6.20	7.96
Transportation	3.47	4.41
Capital Goods	3.13	2.53
Real Estate	2.64	6.05
Consumer Services	2.02	1.13
Diversified Financials	0.95	0.95
Technology Hardware & Equipment	0.33	0.25
Telecommunication Services	–	6.05
Automobiles & Components	–	0.98
Insurance	–	1.26
Net other assets	2.07	5.71
Total net assets	100.00	100.00

Analysis, by investment	31 December 2019 %	31 December 2018 %
Equity Quoted	97.93	90.82
Participatory Note	–	3.47
Net other assets	2.07	5.71
Total net assets	100.00	100.00

Risk and Reward Profile (unaudited)



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

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

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

- **Capital at Risk:** all financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.
- **Currency Risk – Non Base Currency Share Class:** non-base currency share classes may or may not be hedged to the base currency of the Fund. Changes in exchange rates will have an impact on the value of shares in the Fund which are not denominated in the base currency. Where hedging strategies are employed, they may not be fully effective.
- **Investment Positions:** positions may increase in size relative to the size of the Fund. The risk is monitored by regularly adapting positions.
- **Equity:** investments in equities (directly or indirectly via derivatives) may be subject to significant fluctuations in value.

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund – see under "Practical Information" for how to obtain a copy.

Portfolio Statement

as at 31 December 2019

Holdings	Description	Market Value £'000	% of Net Assets
United States 32.22% (December 2018: 34.87%)			
51,142	Microsoft	6,088	5.62
21,623	Becton Dickinson	4,439	4.10
42,470	United Parcel Service	3,753	3.47
64,829	CVS Health	3,635	3.36
87,054	Mondelez International	3,619	3.34
30,913	PepsiCo	3,189	2.94
75,455	Lennar	3,178	2.93
61,151	Bunge	2,657	2.45
121,486	Apache	2,347	2.17
38,423	Colgate-Palmolive	1,997	1.84
		34,902	32.22
United Kingdom 14.08% (December 2018: 6.94%)			
103,192	Unilever	4,489	4.14
164,359	Bunzl	3,394	3.13
54,884	Reckitt Benckiser	3,364	3.11
393,218	Auto Trader	2,338	2.16
255,799	Trainline	1,297	1.21
719,874	Thomas Murray Network**	360	0.33
1,117,128	Fastjet Warrants Expiry date 31/07/2021	–	–
670,754	Ludorum**	–	–
45,557	Thomas Murray Systems**	–	–
		15,242	14.08
China 10.76% (December 2018: 4.07%)			
42,023	Alibaba ADR	6,728	6.21
75,900	Tencent	2,762	2.56
85,010	Trip.com ADR	2,152	1.99
		11,642	10.76
Ireland 6.89% (December 2018: 2.99%)			
108,205	CRH	3,292	3.04
502,572	Dalata Hotel	2,193	2.02
23,109	Medtronic	1,979	1.83
		7,464	6.89
Canada 5.48% (December 2018: 6.54%)			
148,547	Nutrien	5,376	4.96
1,388,535	Guyana Goldfields	566	0.52
		5,942	5.48
Netherlands 3.97% (December 2018: 3.86%)			
474,681	ING	4,299	3.97
		4,299	3.97

** Unquoted investments.

Portfolio Statement

as at 31 December 2019

Holdings	Description	Market Value £'000	% of Net Assets
	Italy 3.79% (December 2018: 5.78%)		
372,384	UniCredit	4,108	3.79
		4,108	3.79
	Germany 3.59% (December 2018: 6.14%)		
212,245	Deutsche Konsum REIT*	2,859	2.64
23,367	Creditshelf	1,030	0.95
		3,889	3.59
	France 3.49% (December 2018: 6.71%)		
84,444	BNP Paribas	3,780	3.49
		3,780	3.49
	Switzerland 3.27% (December 2018: 2.65%)		
59,730	Cie Financiere Richemont	3,541	3.27
		3,541	3.27
	Belgium 3.09% (December 2018: 3.23%)		
360,168	Euronav	3,351	3.09
		3,351	3.09
	Sweden 2.60% (December 2018: 0.00%)		
115,491	Nordic Entertainment	2,820	2.60
		2,820	2.60
	India 1.93% (December 2018: 3.47%)		
65,002	Reliance Industries GDR	2,088	1.93
		2,088	1.93
	Australia 1.75% (December 2018: 0.92%)		
122,102	Afterpay Touch	1,897	1.75
		1,897	1.75
	Japan 1.02% (December 2018: 5.12%)		
39,318	Sumitomo Mitsui Financial	1,103	1.02
		1,103	1.02
	Total Investments	106,068	97.93
	Net other assets	2,237	2.07
	Total net assets	108,305	100.00

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

Stocks shown as ADRs and GDRs represent American Depositary Receipts and Global Depositary Receipts.

* Real Estate Investment Trust (REIT).

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2019

Major Purchases	Cost £'000	Major Sales	Proceeds £'000
Alibaba ADR	5,717	Lennar	6,857
Bunzl	3,475	Mitsubishi UFJ Financial	4,648
Reckitt Benckiser	3,462	Tencent	4,418
CVS Health	2,925	BNP Paribas	4,186
Halliburton	2,668	Cie de Saint-Gobain	4,162
FedEx	2,644	Halliburton	3,687
Dalata Hotel	2,287	Frontline	3,512
Reliance Industries GDR	2,191	Bharti Airtel Participatory Note	3,300
Trip.com ADR	2,126	Telecom Italia Savings Shares	3,079
Nordic Entertainment	2,093	Telecom Italia	3,032
Medtronic	2,030	Golar LNG	2,890
Smurfit Kappa	1,834	Patterson-UTI Energy	2,878
HeidelbergCement	1,755	CRH	2,683
Unilever	1,366	TAG Immobilien	2,554
Microsoft	1,356	ING	2,535
Trainline	1,113	Coty	2,393
BNP Paribas	1,102	FedEx	2,339
UniCredit	1,100	Sumitomo Mitsui Financial	2,219
ING	1,097	ICICI Prudential Life Insurance Participatory Note	2,180
Nutrien	931	Nutrien	2,136
Total purchases for the year	46,794	Total sales for the year	97,583

Statement of Total Return

for the year ended 31 December 2019

	Notes	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		21,924		(49,485)
Revenue	3	2,991		4,548	
Expenses	4	(1,265)		(2,367)	
Interest payable and similar charges		(8)		(253)	
Net revenue before taxation		1,718		1,928	
Taxation	5	(241)		(268)	
Net revenue after taxation			1,477		1,660
Total return before distribution			23,401		(47,825)
Distribution	6		(1,477)		(1,660)
Change in net assets attributable to shareholders from investment activities			21,924		(49,485)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		143,440		463,970
Amounts receivable on creation of shares	3,809		6,662	
In-specie creation*	–		55,010	
Less: Amounts payable on cancellation of shares	(61,963)		(72,912)	
In-specie cancellation**	–		(260,658)	
		(58,154)		(271,898)
Dilution levy		28		–
Change in net assets attributable to shareholders from investment activities		21,924		(49,485)
Retained distribution on accumulation shares		1,067		853
Closing net assets attributable to shareholders		108,305		143,440

* Amounts received from GAM International Growth & Value Fund.

** Amounts paid to GAM Global Eclectic Equity Fund.

Balance Sheet

as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets:			
Fixed Assets:			
Investments		106,068	135,254
Current assets:			
Debtors	7	520	2,619
Cash and bank balances	8	2,254	6,949
Total assets		108,842	144,822
Liabilities:			
Creditors:			
Distribution payable		(244)	(657)
Other creditors	9	(293)	(725)
Total other liabilities		(537)	(1,382)
Net Assets Attributable to Shareholders		108,305	143,440

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 2019 and 31 December 2018:

Valuation technique	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	105,708	–	134,894	–
Level 2	–	–	–	–
Level 3	360	–	360	–
Total investments at fair value	106,068	–	135,254	–

2. Net capital gains/(losses)

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

	2019 £'000	2018 £'000
Non-derivative securities	21,651	(47,407)
Forward foreign exchange currency contracts	(10)	221
Currency losses	(227)	(2,332)
Handling charges	(9)	(10)
Class action proceeds	519	43
Net capital gains/(losses)	21,924	(49,485)

3. Revenue

	2019 £'000	2018 £'000
UK dividends	170	370
Overseas dividends	2,741	3,759
Property revenue from overseas REITs – Non PID	36	–
Bank interest	10	25
UK scrip dividends	34	394
Total revenue	2,991	4,548

Notes to the Financial Statements

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	1,181	2,278
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	21	36
Safekeeping charge	6	7
Other expenses:		
Audit fees	12	14
Registration fees	–	(1)
Other	45	33
Total expenses	1,265	2,367

5. Taxation

	2019 £'000	2018 £'000
a) Analysis of tax charge in the year:		
Overseas tax	241	268
Total current tax (note 5b)	241	268

b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	1,718	1,928
Corporation tax of 20% (2018: 20%)	344	386
Effects of:		
UK dividends	(34)	(74)
Non-taxable scrip dividends	(7)	(79)
Revenue not subject to taxation	(553)	(751)
Movement in excess management expenses	250	518
Overseas tax	241	268
Current tax charge for year (note 5a)	241	268

c) Deferred taxation:

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

d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £11,216,123 (2018: £10,966,122) 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:

	2019 £'000	2018 £'000
Final	1,311	1,510
Add: Revenue deducted on cancellation of shares	193	226
Deduct: Revenue received on creation of shares	(27)	(76)
Net distribution for the year	1,477	1,660

7. Debtors

	2019 £'000	2018 £'000
Sales awaiting settlement	–	1,990
Amounts receivable for issue of shares	4	45
Accrued revenue	113	153
Overseas tax recoverable	403	431
Total debtors	520	2,619

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	2,252	6,944
Short term deposits	2	5
Total cash and bank balances	2,254	6,949

9. Creditors

	2019 £'000	2018 £'000
Amounts payable for cancellation of shares	57	487
Accrued expenses	236	238
Total creditors	293	725

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2019 Opening shares in issue	Issued	Redeemed	2019 Closing shares in issue
A Class – Income Shares	301,771	771	(47,599)	254,943
A Class – Accumulation Shares	659,994	11,148	(146,376)	524,766
Z Class – Income Shares	546,430	32,608	(74,207)	504,831
Z Class – Accumulation Shares	3,086,875	41,453	(286,479)	2,841,849
II Class – Accumulation Shares	1,152,608	27,845	(109,949)	1,070,504
Institutional Class – Income Shares	2,334,767	47,149	(1,925,404)	456,512
Institutional Class – Accumulation Shares	1,841,064	72,992	(931,486)	982,570

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.

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

At the year end accrued expenses included amounts owing to the ACD of £95,496 (2018: £131,907). 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 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 2019, the Fund had no capital commitments (2018: £nil) and no contingent liabilities (2018: £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 Fund and by regularly reviewing and evaluating the Fund's 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 2019 was 3.00% (2018: 7.27%). The maximum VaR, minimum VaR and average VaR for the year to 31 December 2019 was 5.26%, (0.00)% and 3.13% (2018: 7.98%, 3.98% and 5.79%). VaR is expressed as a % of NAV.

Notes to the Financial Statements

(b) Foreign currency risk

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

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

	Currency exposure 2019 £'000	Currency exposure 2018 £'000
Australian dollar	1,897	1,316
Canadian dollar	5,942	9,390
Euro	22,233	39,229
Hong Kong dollar	2,762	5,838
Japanese yen	1,103	7,349
Norwegian krone	19	1,454
Swedish krona	2,823	3
Swiss franc	3,772	4,021
US dollar	48,974	56,982
	89,525	125,582

A 10% increase/decrease in the GBP exchange rate against all other currencies, assuming all other factors remained the same, would have a £8,138,621 (2018: £11,416,493) decrease and £9,947,203 (2018: £13,953,492) increase respectively on the net assets of the Fund.

(c) Liquidity risk

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

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

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

	< 1 month £'000	1-3 months £'000
As at 31 December 2019		
Amounts payable for shares cancelled	57	–
Accrued expenses	236	–
Distribution payable on income shares	–	244
Net assets attributable to shareholders	108,305	–
	108,598	244
	< 1 month £'000	1-3 months £'000
As at 31 December 2018		
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

Notes to the Financial Statements

(d) Redemption risk

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

At 31 December 2019 the Fund held cash deposits of £2,252,486 (2018: £6,943,719) with J.P. Morgan Europe Limited, £2,037 (2018: £5,142) 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 Funds may hold cash balances which are subject to a floating rate of interest. At the year end, floating rates were tracked against the Bank of England base rate -0.5% and for any overdrafts the Bank of England base rate +1%. The amount of the cash balances are set out in note 8 to the financial statements for each Fund.

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

(g) Gains and losses on financial assets

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

(h) Fair value of financial assets and financial liabilities

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

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Equities	46,680	248,741	97,624	438,042
Trades in the year before transaction costs	46,680	248,741	97,624	438,042
Commissions				
Equities	18	76	(36)	(107)
Total commissions	18	76	(36)	(107)
Taxes				
Equities	96	239	(5)	(6)
Total taxes	96	239	(5)	(6)
Total costs	114	315	(41)	(113)
Total net trades in the year after transaction costs	46,794	249,056	97,583	437,929

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

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Commissions				
Equities	0.04	0.03	(0.04)	(0.02)
Taxes				
Equities	0.21	0.10	(0.01)	(0.00)

Notes to the Financial Statements

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

	2019 %	2018 %
Commissions	0.05	0.08
Taxes	0.08	0.11
Total costs	0.13	0.19

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.18% (2018: 0.16%).

16. Events during the year

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

17. Events after the Balance Sheet date

2020 to date has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The Authorised Corporate Director and the Investment Adviser are actively monitoring the situation and will continue to manage the Fund's assets within the investment and risk parameters that have been established. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance. COVID-19 is a non adjusting post balance sheet event.

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)	2018 (p)	2017 (p)
A Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	3,065.99	3,893.23	3,746.45
Return before operating charges*	682.70	(743.02)	215.49
Operating charges	(55.32)	(55.56)	(58.53)
Return after operating charges*	627.38	(798.58)	156.96
Distributions on income shares	(26.91)	(28.66)	(10.18)
Closing net asset value per share	3,666.46	3,065.99	3,893.23
* including direct transaction costs of:	4.63	6.84	6.29
Performance			
Return after charges	20.48%	(20.51%)	4.19%
Other information			
Closing net asset value (£'000)	9,348	9,252	12,877
Closing number of shares	254,943	301,771	330,748
Operating charges	1.58%	1.52%	1.52%
Direct transaction costs	0.13%	0.19%	0.16%
Prices			
Highest share price	3,782.05	4,025.31	4,050.92
Lowest share price	3,080.78	3,076.34	3,660.75

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)	2018 (p)	2017 (p)
A Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	4,134.19	5,200.77	4,991.62
Return before operating charges*	921.08	(991.59)	287.23
Operating charges	(74.57)	(74.99)	(78.08)
Return after operating charges*	846.51	(1,066.58)	209.15
Distributions on accumulation shares	(36.75)	(35.35)	(13.07)
Retained distributions on accumulation shares	36.75	35.35	13.07
Closing net asset value per share	4,980.70	4,134.19	5,200.77
* including direct transaction costs of:	6.24	9.23	8.38
Performance			
Return after charges	20.48%	(20.51%)	4.19%
Other information			
Closing net asset value (£'000)	26,137	27,286	76,500
Closing number of shares	524,766	659,994	1,470,934
Operating charges	1.58%	1.52%	1.52%
Direct transaction costs	0.13%	0.19%	0.16%
Prices			
Highest share price	5,099.75	5,377.46	5,397.30
Lowest share price	4,154.15	4,109.73	4,877.45
	2019 (p)	2018 (p)	
Z Class – Income Shares⁽¹⁾			
Change in net assets per share			
Opening net asset value per share	828.39	1,000.00	
Return before operating charges*	185.05	(164.57)	
Operating charges	(5.05)	(1.93)	
Return after operating charges*	180.00	(166.50)	
Distributions on income shares	(17.31)	(5.11)	
Closing net asset value per share	991.08	828.39	
* including direct transaction costs of:	1.26	1.78	
Performance			
Return after charges	21.72%	(16.65%)	
Other information			
Closing net asset value (£'000)	5,003	4,527	
Closing number of shares	504,831	546,430	
Operating charges	0.53%	0.47%	
Direct transaction costs	0.13%	0.19%	
Prices			
Highest share price	1,032.40	1,023.88	
Lowest share price	832.45	828.33	

⁽¹⁾ Share class launched on 26 July 2018.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)	2018 (p)
Z Class – Accumulation Shares⁽¹⁾		
Change in net assets per share		
Opening net asset value per share	833.51	1,000.00
Return before operating charges*	186.06	(164.56)
Operating charges	(5.07)	(1.93)
Return after operating charges*	180.99	(166.49)
Distributions on accumulation shares	(17.43)	(5.11)
Retained distributions on accumulation shares	17.43	5.11
Closing net asset value per share	1,014.50	833.51
* including direct transaction costs of:	1.27	1.78
Performance		
Return after charges	21.72%	(16.65%)
Other information		
Closing net asset value (£'000)	28,831	25,729
Closing number of shares	2,841,849	3,086,875
Operating charges	0.53%	0.47%
Direct transaction costs	0.13%	0.19%
Prices		
Highest share price	1,038.66	1,023.88
Lowest share price	837.51	828.33
	2019 (p)	2018 (p)
II Class – Accumulation Shares⁽¹⁾		
Change in net assets per share		
Opening net asset value per share	832.05	1,000.00
Return before operating charges*	185.63	(164.38)
Operating charges	(8.88)	(3.57)
Return after operating charges*	176.75	(167.95)
Distributions on accumulation shares	(13.53)	(3.47)
Retained distributions on accumulation shares	13.53	3.47
Closing net asset value per share	1,008.80	832.05
* including direct transaction costs of:	1.26	1.78
Performance		
Return after charges	21.24%	(16.80%)
Other information		
Closing net asset value (£'000)	10,799	9,590
Closing number of shares	1,070,504	1,152,608
Operating charges	0.93%	0.87%
Direct transaction costs	0.13%	0.19%
Prices		
Highest share price	1,032.92	1,023.72
Lowest share price	836.11	826.98

⁽¹⁾ Share class launched on 26 July 2018.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)	2018 (p)	2017 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	1,574.63	2,001.14	1,925.43
Return before operating charges*	352.00	(383.13)	110.93
Operating charges	(20.12)	(20.12)	(21.23)
Return after operating charges*	331.88	(403.25)	89.70
Distributions on income shares	(19.36)	(23.26)	(13.99)
Closing net asset value per share	1,887.15	1,574.63	2,001.14
* including direct transaction costs of:	2.34	3.52	3.24
Performance			
Return after charges	21.07%	(20.15%)	4.66%
Other information			
Closing net asset value (£'000)	8,615	36,764	47,586
Closing number of shares	456,512	2,334,767	2,377,956
Operating charges	1.13%	1.07%	1.07%
Direct transaction costs	0.13%	0.19%	0.16%
Prices			
Highest share price	1,905.96	2,069.36	2,089.81
Lowest share price	1,582.28	1,588.24	1,883.95
	2019 (p)	2018 (p)	2017 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	1,645.35	2,060.53	1,968.82
Return before operating charges*	367.77	(393.73)	113.45
Operating charges	(21.17)	(21.45)	(21.74)
Return after operating charges*	346.60	(415.18)	91.71
Distributions on accumulation shares	(23.80)	(22.93)	(14.52)
Retained distributions on accumulation shares	23.80	22.93	14.52
Closing net asset value per share	1,991.95	1,645.35	2,060.53
* including direct transaction costs of:	2.48	3.75	3.31
Performance			
Return after charges	21.07%	(20.15%)	4.66%
Other information			
Closing net asset value (£'000)	19,572	30,292	327,007
Closing number of shares	982,570	1,841,064	15,869,952
Operating charges	1.13%	1.07%	1.07%
Direct transaction costs	0.13%	0.19%	0.16%
Prices			
Highest share price	2,038.74	2,130.78	2,136.90
Lowest share price	1,653.48	1,635.41	1,926.40

Distribution Tables

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2019

Group 2 Final Shares purchased between 1 January 2019 and 31 December 2019

A Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	26.9100	–	26.9100	28.6600
Group 2	(p)	(p)	(p)	(p)
Final	26.4800	0.4300	26.9100	28.6600

A Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	36.7500	–	36.7500	35.3500
Group 2	(p)	(p)	(p)	(p)
Final	1.5800	35.1700	36.7500	35.3500

Z Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	17.3100	–	17.3100	5.1100
Group 2	(p)	(p)	(p)	(p)
Final	13.7200	3.5900	17.3100	5.1100

Z Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	17.4300	–	17.4300	5.1100
Group 2	(p)	(p)	(p)	(p)
Final	10.2300	7.2000	17.4300	5.1100

II Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	13.5300	–	13.5300	3.4700
Group 2	(p)	(p)	(p)	(p)
Final	6.4700	7.0600	13.5300	3.4700

Distribution Tables

Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	19.3600	–	19.3600	23.2600
Group 2	(p)	(p)	(p)	(p)
Final	3.9300	15.4300	19.3600	23.2600

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	23.8000	–	23.8000	22.9300
Group 2	(p)	(p)	(p)	(p)
Final	9.2000	14.6000	23.8000	22.9300

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 rose 11.4% (as measured by the A class) during 2019 versus a rise of 26.4% by its benchmark the S&P 500 Index in GBP.

The first quarter of 2019 was positive for US Equities. January was a strong month for the S&P 500 Index, which was up around 8%. While, as ever, there were multiple reasons behind the move, in our view two stand out. Much market commentary focused on guidance from Chairman Powell at the Federal Reserve, which was interpreted to suggest the US may be closer to a peak in the rate hike cycle than previously expected. However, a larger force was the derating of the stock market last year – as stock prices did not keep pace with the rise in earnings – and, in particular, the miserable fourth quarter for equity markets which left positioning overly defensive at the beginning of the year. It is highly likely that economic growth in the US this year will be slower than last year, as we lap the implementation of tax cuts. Nevertheless, equities are more reasonably valued than this time last year – the analytical question for investors is to find those companies whose valuations have more than priced in a slowing in the general environment.

The recovery of US equities, which has been an underlying theme of the first four months of the year, reversed abruptly in May. The S&P500 Index fell by more than 6% during the month. The narrative of the month was, on the surface, largely driven by commentary around potential disruptions to global trade driven by hints of changes from the US Administration. June saw a strong bounce in US equities, with the S&P 500 index gaining 7.05% to reach a new all-time high, after May's weakness. The two headline justifications for overall market strength were renewed optimism over US-China trade relations allied to a growing consensus that the US Federal Reserve has reached the apex of its tightening cycle. There is certainly a large body of commentary now expecting a resumption of more accommodative monetary policy from both the US Federal Reserve and the European Central Bank. What is certainly the case, however, is that, on a cross-asset perspective, a comparison in the valuations between bonds, prime property and equities, reveals that the best relative value can be found in equities.

In the first month of quarter three, US equities increased for the second consecutive month, rising 20.2% year to date as measured by the S&P 500 Index. As expected, the US Federal Reserve (Fed) lowered interest rates by 25 bps in an effort to extend the economic expansion and mitigate the downside risks associated with lacklustre global growth and trade uncertainties. But stocks fell sharply as markets sought a larger rate cut and assurances that the Fed will pursue further reductions in interest rates in 2019. August proved to be an eventful month for markets, with trade tensions once again being the focus of attention. Against a backdrop of mostly unhelpful rhetoric from both Washington and Beijing, the Chinese yuan fell against the US dollar, stoking fears that China was triggering a currency war by depreciating its currency to help offset the impact of US tariffs. There were signs that some parts of the US economy are being impacted as manufacturing PMIs declined into contraction territory for the first time since 2009. This resulted in a flight to safety with US Treasury yields falling below 1.5% and equity markets falling, with the more economically-sensitive sectors feeling the greatest pain. September was an interesting month for US equities, even by the standards of the absorbing period which has prevailed over the past few years.

US equities rose in the fourth quarter, as President Trump announced that the US and China will sign a phase-one trade deal on 15 January 2020. Optimism was tempered by myriad concerns, including scepticism about the likelihood of a comprehensive trade deal and worries about the impact on business investment from the longer-term decoupling of both countries' economies. The US Federal Reserve (Fed) left its benchmark interest rate unchanged, signalling that its favourable outlook for economic growth and employment and modest inflation should allow rates to remain stable in 2020. A new trade deal with Mexico and Canada was passed by the US House of Representatives, putting the agreement on course for ratification by Congress in 2020. The House voted to impeach President Trump; however, markets were unaffected given that the Republican-led Senate is unlikely to support his impeachment.

The top holdings contributing to performance during 2019 were ESCO Technologies, Lockheed Martin and Autozone. The bottom holdings were Conns, ICU Medical and Fred's.

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2019 %	31 December 2018 %
United States	92.06	86.81‡
Canada	1.80	1.25‡
Net other assets	6.14	11.94
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2019 %	31 December 2018 %
Capital Goods	29.24	26.19
Retailing	13.35	15.06
Insurance	12.90	11.21
Energy	9.64	7.57
Health Care Equipment & Services	7.99	9.18
Materials	7.95	5.91
Household & Personal Products	4.86	4.81
Food Beverage & Tobacco	4.79	6.14
Semiconductors & Semiconductor Equipment	2.20	1.05
Commercial & Professional Services	0.55	0.51
Real Estate	0.23	0.14
Diversified Financials	0.16	0.16
Pharmaceuticals & Biotechnology	–	0.13
Net other assets	6.14	11.94
Total net assets	100.00	100.00

Analysis, by investment	31 December 2019 %	31 December 2018 %
Equity Quoted	93.86	88.06
Net other assets	6.14	11.94
Total net assets	100.00	100.00

‡Prior year comparatives restated.

Risk and Reward Profile (unaudited)



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

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

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

- **Concentration Risk:** concentration in a limited number of securities and industry sectors may result in more volatility than investing in broadly diversified funds.
- **Capital at Risk:** all financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.
- **Currency Risk – Non Base Currency Share Class:** non-base currency share classes may or may not be hedged to the base currency of the Fund. Changes in exchange rates will have an impact on the value of shares in the Fund which are not denominated in the base currency. Where hedging strategies are employed, they may not be fully effective.
- **Investment Positions:** positions may increase in size relative to the size of the Fund. The risk is monitored by regularly adapting positions.
- **Equity:** investments in equities (directly or indirectly via derivatives) may be subject to significant fluctuations in value.

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund – see under "Practical Information" for how to obtain a copy.

Portfolio Statement

as at 31 December 2019

Holdings	Description	Market Value £'000	% of Net Assets
United States			
Capital Goods 29.24% (December 2018: 26.19%)			
100,000	ESCO Technologies	6,982	5.81
23,000	Northrop Grumman	5,972	4.97
20,000	Lockheed Martin	5,878	4.89
190,000	DXP Enterprises	5,710	4.75
185,000	Quanta Services	5,685	4.73
100,000	Owens Corning	4,916	4.09
		35,143	29.24
Retailing 13.35% (December 2018: 15.06%)			
170,000	Penske Automotive	6,445	5.36
7,000	AutoZone	6,295	5.23
350,000	Conn's	3,273	2.72
75,000	Christopher & Banks	36	0.03
1,126,000	Fred's	11	0.01
		16,060	13.35
Insurance 12.90% (December 2018: 11.21%)			
105,000	Kemper	6,143	5.11
112,000	WR Berkley	5,842	4.86
30,000	Chubb	3,525	2.93
		15,510	12.90
Energy 9.64% (December 2018: 7.57%)			
70,000	Phillips 66	5,887	4.90
300,000	Williams Companies	5,372	4.47
20,845	WPX Energy	216	0.18
180,000	Superior Drilling Products	111	0.09
35,341	Halcon Resources *	2	–
		11,588	9.64
Health Care Equipment & Services 7.99% (December 2018: 9.18%)			
68,000	ICU Medical	9,605	7.99
		9,605	7.99
Materials 6.15% (December 2018: 4.66%)‡			
325,000	Huntsman	5,927	4.93
150,000	Synalloy	1,462	1.22
		7,389	6.15
Household & Personal Products 4.86% (December 2018: 4.81%)			
110,000	Church & Dwight	5,840	4.86
		5,840	4.86

* Unquoted investments.

‡ Prior year comparatives restated.

Portfolio Statement

as at 31 December 2019

Holdings	Description	Market Value £'000	% of Net Assets
Food Beverage & Tobacco 4.79% (December 2018: 6.14%)			
70,000	Post	5,765	4.79
		5,765	4.79
Semiconductors & Semiconductor Equipment 2.20% (December 2018: 1.05%)			
143,750	ON Semiconductor	2,646	2.20
		2,646	2.20
Commercial & Professional Services 0.55% (December 2018: 0.51%)			
20,000	Willdan	480	0.40
66,666	RR Donnelley & Sons	198	0.15
25,000	LSC Communications	4	–
		682	0.55
Real Estate 0.23% (December 2018: 0.14%)			
6,000	Consolidated Tomoka Land	273	0.23
		273	0.23
Diversified Financials 0.16% (December 2018: 0.16%)			
25,000	Donnelley Financial Solution	198	0.16
		198	0.16
Pharmaceuticals & Biotechnology 0.00% (December 2018: 0.13%)			
83,940	Insys Therapeutics	2	–
		2	–
Software & Services 0.00% (December 2018: 0.00%)			
88,000	Clarent *	–	–
229,449	SoftBrands *	–	–
		–	–
Canada			
Materials 1.80% (December 2018: 1.25%)‡			
60,000	Nutrien	2,170	1.80
		2,170	1.80
Total Investments		112,871	93.86
Net other assets		7,384	6.14
Total net assets		120,255	100.00

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

* Unquoted investments.

‡ Prior year comparatives restated.

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2019

The Fund made no purchases during the year	Cost £'000	Total Sales	Proceeds £'000
		ESCO Technologies	8,047
		Post	7,013
		Lockheed Martin	6,739
		Northrop Grumman	6,589
		AutoZone	6,233
		WR Berkley	5,778
		Quanta Services	4,075
		Phillips 66	3,629
		Kemper	3,508
		Church & Dwight	3,337
		Penske Automotive	3,224
		ICU Medical	3,189
		Conn's	2,303
		Huntsman	1,623
		DXP Enterprises	316
		Total sales for the year	65,603

Statement of Total Return

for the year ended 31 December 2019

	Notes	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		22,364		(5,519)
Revenue	3	2,224		2,643	
Expenses	4	(1,767)		(2,253)	
Interest payable and similar charges		(1)		(1)	
Net revenue before taxation		456		389	
Taxation	5	(318)		(378)	
Net revenue after taxation			138		11
Total return before distribution			22,502		(5,508)
Distribution	6		(251)		(180)
Change in net assets attributable to shareholders from investment activities			22,251		(5,688)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		176,703		224,220
Amounts receivable on creation of shares	14,538		13,136	
Less: Amounts payable on cancellation of shares	(93,375)		(55,041)	
		(78,837)		(41,905)
Dilution levy		16		–
Change in net assets attributable to shareholders from investment activities		22,251		(5,688)
Retained distribution on accumulation shares		122		76
Closing net assets attributable to shareholders		120,255		176,703

Balance Sheet

as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets:			
Fixed Assets:			
Investments		112,871	155,608
Current assets:			
Debtors	7	82	93
Cash and bank balances	8	7,997	21,837
Total assets		120,950	177,538
Liabilities:			
Creditors:			
Distribution payable		(88)	(99)
Other creditors	9	(607)	(736)
Total other liabilities		(695)	(835)
Net Assets Attributable to Shareholders		120,255	176,703

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 2019 and 31 December 2018:

Valuation technique	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	112,869	–	155,608	–
Level 2	–	–	–	–
Level 3	2	–	–	–
Total investments at fair value	112,871	–	155,608	–

2. Net capital gains/(losses)

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

	2019 £'000	2018 £'000
Non-derivative securities	22,866	(5,262)
Currency losses	(483)	(231)
Handling charges	(13)	(26)
Sundry charges	(6)	–
Net capital gains/(losses)	22,364	(5,519)

3. Revenue

	2019 £'000	2018 £'000
Overseas dividends	2,180	2,595
Bank interest	44	37
Interest on short term deposits*	–	11
Total revenue	2,224	2,643

* Restated.

Notes to the Financial Statements

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	1,649	2,075
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	30	37
Safekeeping charge	3	6
Other expenses:		
Audit fees	20	15
Other	65	120
Total expenses	1,767	2,253

5. Taxation

	2019 £'000	2018 £'000
a) Analysis of tax charge in the year:		
Overseas tax	318	378
Total current tax (note 5b)	318	378

b) Factors affecting current tax charge for the year:

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	456	389
Corporation tax of 20% (2018: 20%)	91	77
Effects of:		
Revenue not subject to taxation	(438)	(521)
Movement in excess management expenses	347	444
Overseas tax	318	378
Current tax charge for year (note 5a)	318	378

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 £5,563,343 (2018: £5,217,115) 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:

	2019 £'000	2018 £'000
Final	210	175
Add: Revenue deducted on cancellation of shares	46	7
Deduct: Revenue received on creation of shares	(5)	(2)
Net distribution for the year	251	180
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	138	11
Income deficit transfer to capital	113	169
Net distribution for the year	251	180

7. Debtors

	2019 £'000	2018 £'000
Amounts receivable for issue of shares	37	50
Accrued revenue	45	43
Total debtors	82	93

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	7,996	19,319
Short term deposits	1	2,518
Total cash and bank balances	7,997	21,837

9. Creditors

	2019 £'000	2018 £'000
Amounts payable for cancellation of shares	225	369
Accrued expenses	382	367
Total creditors	607	736

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2019 Opening shares in issue	Issued	Redeemed	2019 Closing shares in issue
Income Shares	229,993	532	(42,439)	188,086
Accumulation Shares	474,192	9,023	(121,894)	361,321
Institutional Class – Income Shares	3,560,943	351,495	(2,401,630)	1,510,808
Institutional Class – Accumulation Shares	2,704,061	183,976	(808,256)	2,079,781

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.

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

At the year end accrued expenses included amounts owing to the ACD of £112,139 (2018: £155,108). 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 2019, the Fund had no capital commitments (2018: £nil) and no contingent liabilities (2018: £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 Fund and by regularly reviewing and evaluating the Fund's 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 2019 was 5.09% (2018: 8.00%). The maximum VaR, minimum VaR and average VaR for the year to 31 December 2019 was 5.16%, 3.09% and 3.94% (2018: 8.00%, 4.54% and 5.66%). 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.

Notes to the Financial Statements

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

	Currency exposure 2019 £'000	Currency exposure 2018 £'000
US dollar	120,921	171,108
	120,921	171,108

A 10% increase/decrease in the GBP exchange rate against the USD, assuming all other factors remained the same, would have a £10,992,843 decrease (2018: £15,555,273) and £13,435,697 increase (2018: £19,012,000) 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.

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

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

	< 1 month £'000	1-3 months £'000
As at 31 December 2019		
Amounts payable for shares cancelled	225	–
Accrued expenses	382	–
Distribution payable on income shares	–	88
Net assets attributable to shareholders	120,255	–
	120,862	88
	< 1 month £'000	1-3 months £'000
As at 31 December 2018		
Amounts payable for shares cancelled	369	–
Accrued expenses	367	–
Distribution payable on income shares	–	99
Net assets attributable to shareholders	176,703	–
	177,439	99

(d) Redemption risk

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

(e) Credit risk

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

At 31 December 2019 the Fund held cash deposits of £7,995,712 (2018: £19,318,856) with J.P. Morgan Europe Limited, £887 (2018: £2,517,732) with ABN AMRO. The credit risk to the Fund is the risk that the counterparties default on their obligation to repay the Fund. The Fund manages this credit risk by only holding deposits with approved brokers that belong to an internationally recognised financial services firm.

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

(f) Interest rate risk

The Funds may hold cash balances which are subject to a floating rate of interest. At the year end, floating rates were tracked against the Bank of England base rate -0.5% and for any overdrafts the Bank of England base rate +1%. The amount of the cash balances are set out in note 8 to the financial statements for each Fund.

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

(g) Gains and losses on financial assets

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

(h) Fair value of financial assets and financial liabilities

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

Notes to the Financial Statements

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Equities	–	4,039	65,629	55,385
Trades in the year before transaction costs	–	4,039	65,629	55,385
Commissions				
Equities	–	–	(25)	(13)
Total commissions	–	–	(25)	(13)
Taxes				
Equities	–	–	(1)	(1)
Total taxes	–	–	(1)	(1)
Total costs	–	–	(26)	(14)
Total net trades in the year after transaction costs	–	4,039	65,603	55,371

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

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Commissions				
Equities	–	–	(0.04)	(0.02)
Taxes				
Equities	–	–	(0.00)	(0.00)

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

	2019 %	2018 %
Commissions	0.02	0.01
Taxes	0.00	0.00
Total costs	0.02	0.01

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.09% (2018: 0.08%).

16. Events after the Balance Sheet date

2020 to date has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The Authorised Corporate Director and the Investment Adviser are actively monitoring the situation and will continue to manage the Fund's assets within the investment and risk parameters that have been established. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance. COVID-19 is a non adjusting post balance sheet event.

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)	2018 (p)	2017 (p)
Income Shares			
Change in net assets per share			
Opening net asset value per share	3,602.33	3,753.48	3,577.16
Return before operating charges*	476.27	(89.12)	232.75
Operating charges	(63.98)	(62.03)	(56.43)
Return after operating charges*	412.29	(151.15)	176.32
Distributions on income shares	–	–	–
Closing net asset value per share	4,014.62	3,602.33	3,753.48
* including direct transaction costs of:	0.66	0.25	1.39
Performance			
Return after charges	11.44%	(4.03%)	4.93%
Other information			
Closing net asset value (£'000)	7,551	8,285	10,158
Closing number of shares	188,086	229,993	270,618
Operating charges	1.58%	1.60%	1.59%
Direct transaction costs	0.02%	0.01%	0.03%
Prices			
Highest share price	4,475.05	4,322.90	3,795.36
Lowest share price	3,614.66	3,468.04	3,380.06
	2019 (p)	2018 (p)	2017 (p)
Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	4,492.10	4,680.59	4,460.72
Return before operating charges*	593.84	(111.10)	290.22
Operating charges	(79.73)	(77.39)	(70.35)
Return after operating charges*	514.11	(188.49)	219.87
Distributions on accumulation shares	–	–	–
Retained distributions on accumulation shares	–	–	–
Closing net asset value per share	5,006.21	4,492.10	4,680.59
* including direct transaction costs of:	0.82	0.31	1.74
Performance			
Return after charges	11.44%	(4.03%)	4.93%
Other information			
Closing net asset value (£'000)	18,089	21,301	26,690
Closing number of shares	361,321	474,192	570,225
Operating charges	1.58%	1.60%	1.59%
Direct transaction costs	0.02%	0.01%	0.03%
Prices			
Highest share price	5,580.36	5,390.66	4,732.81
Lowest share price	4,507.46	4,324.64	4,214.94

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)	2018 (p)	2017 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	2,335.68	2,421.93	2,298.48
Return before operating charges*	308.84	(58.38)	150.38
Operating charges	(25.83)	(25.09)	(22.60)
Return after operating charges*	283.01	(83.47)	127.78
Distributions on income shares	(5.82)	(2.78)	(4.33)
Closing net asset value per share	2,612.87	2,335.68	2,421.93
* including direct transaction costs of:	0.43	0.16	0.90
Performance			
Return after charges	12.12%	(3.45%)	5.56%
Other information			
Closing net asset value (£'000)	39,475	83,173	105,582
Closing number of shares	1,510,808	3,560,943	4,359,402
Operating charges	0.98%	1.00%	0.99%
Direct transaction costs	0.02%	0.01%	0.03%
Prices			
Highest share price	2,911.60	2,800.46	2,453.28
Lowest share price	2,343.78	2,239.26	2,181.11
	2019 (p)	2018 (p)	2017 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	2,364.73	2,449.13	2,320.15
Return before operating charges*	312.59	(59.03)	151.80
Operating charges	(26.10)	(25.37)	(22.82)
Return after operating charges*	286.49	(84.40)	128.98
Distributions on accumulation shares	(5.86)	(2.82)	(4.34)
Retained distributions on accumulation shares	5.86	2.82	4.34
Closing net asset value per share	2,651.22	2,364.73	2,449.13
* including direct transaction costs of:	0.43	0.17	0.91
Performance			
Return after charges	12.12%	(3.45%)	5.56%
Other information			
Closing net asset value (£'000)	55,140	63,944	81,791
Closing number of shares	2,079,781	2,704,061	3,339,592
Operating charges	0.98%	1.00%	0.99%
Direct transaction costs	0.02%	0.01%	0.03%
Prices			
Highest share price	2,947.81	2,831.92	2,476.41
Lowest share price	2,372.94	2,264.42	2,201.68

Distribution Tables

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2019

Group 2 Final Shares purchased on or between 1 January 2019 and 31 December 2019

Income Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	–
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	–

Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	–	–	–	–
Group 2	(p)	(p)	(p)	(p)
Final	–	–	–	–

Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	5.8200	–	5.8200	2.7800
Group 2	(p)	(p)	(p)	(p)
Final	2.1200	3.7000	5.8200	2.7800

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	5.8600	–	5.8600	2.8200
Group 2	(p)	(p)	(p)	(p)
Final	4.8800	0.9800	5.8600	2.8200

Equalisation

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

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

Statement of Total Return

for the year ended 31 December 2019

	Notes	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	2		–		(2,757)
Revenue	3	–		1,400	
Expenses	4	–		(543)	
Interest payable and similar charges		–		(3)	
Net revenue before taxation		–		854	
Taxation	5	–		(28)	
Net revenue after taxation			–		826
Total return before equalisation			–		(1,931)
Equalisation	6		–		(826)
Change in net assets attributable to shareholders from investment activities			–		(2,757)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		–		92,964
In-specie transfer*	–		(47,884)	
Amounts receivable on creation of shares	–		552	
Less: Amounts payable on cancellation of shares	–		(42,888)	
		–		(90,220)
Dilution levy		–		13
Change in net assets attributable to shareholders from investment activities		–		(2,757)
Closing net assets attributable to shareholders		–		–

* Amounts paid to GAM UK Equity Income.

Balance Sheet

as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets:			
Current assets:			
Cash and bank balances	7	138	153
Total assets		138	153
Liabilities:			
Creditors:			
Distribution payable		–	–
Other creditors	8	(138)	(153)
Total other liabilities		(138)	(153)
Net Assets Attributable to Shareholders		–	–

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 2019 and 31 December 2018.

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 2019 and 31 December 2018.

Valuation technique	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	–	–	–	–
Level 2	–	–	–	–
Level 3	–	–	–	–
Total investments at fair value	–	–	–	–

2. Net capital losses

The net capital losses during the year comprise:

	2019 £'000	2018 £'000
Non-derivative securities	–	(2,743)
Forward foreign exchange currency contracts	–	(5)
Currency losses	–	(12)
Handling charges	–	(13)
Class action proceeds	–	16
Net capital losses	–	(2,757)

3. Revenue

	2019 £'000	2018 £'000
UK dividends	–	828
Overseas dividends	–	251
Property revenue from UK REITs – PID	–	72
Interest on debt securities	–	10
UK scrip dividends non-taxable	–	239
Total revenue	–	1,400

Notes to the Financial Statements

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	–	424
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	–	6
Safekeeping charge	–	6
Other expenses:		
Audit fees	13	13
Other	(13)	94*
Total expenses	–	543

* Restated to match prior year expenses category.

5. Taxation

	2019 £'000	2018 £'000
a) Analysis of tax charge in the year:		
Overseas tax	–	28
Total current tax (note 5b)	–	28

b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	–	854
Corporation tax of 20% (2018: 20%)	–	171
Effects of:		
UK dividends	–	(166)
Non-taxable scrip dividends	–	(48)
Revenue not subject to taxation	–	(50)
Movement in excess management expenses	–	93
Overseas tax	–	28
Current tax charge for year (note 5a)	–	28

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

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

	2019 £'000	2018 £'000
Add: Revenue deducted on cancellation of shares	–	828
Deduct: Revenue received on creation of shares	–	(2)
Net equalisation for the year	–	826
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	–	826
Net equalisation for the year	–	826

7. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	138	153
Total cash and bank balances	138	153

8. Creditors

	2019 £'000	2018 £'000
Accrued expenses	138	153
Total creditors	138	153

9. Related party transactions

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

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

At the year end accrued expenses included amounts owing to the ACD of £nil (2018: £nil). 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.

10. Share classes

The Fund closed on 2 August 2018 and has no open share classes.

11. Capital commitments and contingent liabilities

On 31 December 2019, the Fund had no capital commitments (2018: £nil) and no contingent liabilities (2018: £nil).

Notes to the Financial Statements

12. 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 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%. The maximum VaR, minimum VaR and average VaR for the period to 2 August 2018 was 6.69%, 3.29% and 4.56%. VaR is expressed as a % of NAV.

(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.

The Fund was not exposed to foreign currency risk as at 31 December 2018 and 31 December 2019 due to merger into GAM UK Equity Income and Fund closure on 2 August 2018.

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

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

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

As at 31 December 2019	< 1 month £'000	1-3 months £'000
Accrued expenses	138	–
	138	–
As at 31 December 2018	< 1 month £'000	1-3 months £'000
Accrued expenses	153	–
	153	–

(d) Redemption risk

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

(e) Credit risk

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

At 31 December 2019 the Fund held cash deposits of £138,496 (2018: £153,369) 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 Funds manage this credit risk by only holding deposits with approved brokers that belong to an internationally recognised financial services firm.

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

(f) Interest rate risk

The Funds may hold cash balances which are subject to a floating rate of interest. At the year end, floating rates were tracked against the Bank of England base rate -0.5% and for any overdrafts the Bank of England base rate +1%. The amount of the cash balances are set out in note 8 to the financial statements for each Fund.

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

Notes to the Financial Statements

(g) Gains and losses on financial assets

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

(h) Fair value of financial assets and financial liabilities

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

13. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Equities	–	57,532	–	134,708
Bonds	–	804	–	804
Trades in the year before transaction costs	–	58,336	–	135,512
Commissions				
Equities	–	23	–	(32)
Total commissions	–	23	–	(32)
Taxes				
Equities	–	227	–	–
Total taxes	–	227	–	–
Total costs	–	250	–	(32)
Total net trades in the year after transaction costs	–	58,586	–	135,480

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

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Commissions				
Equities	–	0.04	–	(0.02)
Taxes				
Equities	–	0.39	–	–

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

	2019 %	2018 %
Commissions	–	0.09
Taxes	–	0.39
Total costs	–	0.48

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (2018: nil).

14. Events after the Balance Sheet date

2020 to date has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The Authorised Corporate Director and the Investment Adviser are actively monitoring the situation and will continue to manage the Fund's assets within the investment and risk parameters that have been established. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance. COVID-19 is a non adjusting post balance sheet event.

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)	2018 (p)	2017 (p)
A Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	–	1,354.39	1,304.51
Return before operating charges*	–	(15.86)	84.70
Operating charges	–	–	(21.99)
Return after operating charges*	–	(15.86)	62.71
Distributions on income shares	–	–	(12.83)
Return to shareholder as a result of class closure	–	(1,338.53)	–
Closing net asset value per share	–	–	1,354.39
* including direct transaction costs of:	–	6.33	4.55
Performance			
Return after charges	–%	(1.17%)	4.81%
Other information			
Closing net asset value (£'000)	–	–	5,894
Closing number of shares	–	–	435,188
Operating charges	–%	–%	1.64%
Direct transaction costs	–%	0.48%	0.34%
Prices			
Highest share price	–	–	1,374.28
Lowest share price	–	–	1,294.75
Fund closed on 2 August 2018.			
	2019 (p)	2018 (p)	2017 (p)
A Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	–	2,118.70	2,021.52
Return before operating charges*	–	(24.83)	131.26
Operating charges	–	–	(34.08)
Return after operating charges*	–	(24.83)	97.18
Distributions on accumulation shares	–	–	(19.85)
Retained distributions on accumulation shares	–	–	19.85
Return to shareholder as a result of class closure	–	(2,093.87)	–
Closing net asset value per share	–	–	2,118.70
* including direct transaction costs of:	–	9.89	7.05
Performance			
Return after charges	–%	(1.17%)	4.81%
Other information			
Closing net asset value (£'000)	–	–	20,826
Closing number of shares	–	–	982,955
Operating charges	–%	–%	1.64%
Direct transaction costs	–%	0.48%	0.34%
Prices			
Highest share price	–	–	2,129.64
Lowest share price	–	–	2,006.40
Fund closed on 2 August 2018.			

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)	2018 (p)	2017 (p)
Institutional Class – Income Shares			
Change in net assets per share			
Opening net asset value per share	–	1,566.70	1,508.90
Return before operating charges*	–	(14.23)	98.15
Operating charges	–	–	(18.50)
Return after operating charges*	–	(14.23)	79.65
Distributions on income shares	–	–	(21.85)
Return to shareholder as a result of class closure	–	(1,552.47)	–
Closing net asset value per share	–	–	1,566.70
* including direct transaction costs of:	–	7.32	5.27
Performance			
Return after charges	–%	(0.91%)	5.28%
Other information			
Closing net asset value (£'000)	–	–	13,187
Closing number of shares	–	–	841,678
Operating charges	–%	–%	1.19%
Direct transaction costs	–%	0.48%	0.34%
Prices			
Highest share price	–	–	1,594.03
Lowest share price	–	–	1,498.18
Fund closed on 2 August 2018.			
	2019 (p)	2018 (p)	2017 (p)
Institutional Class – Accumulation Shares			
Change in net assets per share			
Opening net asset value per share	–	1,695.01	1,610.01
Return before operating charges*	–	(15.40)	104.68
Operating charges	–	–	(19.68)
Return after operating charges*	–	(15.40)	85.00
Distributions on accumulation shares	–	–	(23.25)
Retained distributions on accumulation shares	–	–	23.25
Return to shareholder as a result of class closure	–	(1,679.61)	–
Closing net asset value per share	–	–	1,695.01
* including direct transaction costs of:	–	8.01	5.63
Performance			
Return after charges	–%	(0.91%)	5.28%
Other information			
Closing net asset value (£'000)	–	–	53,057
Closing number of shares	–	–	3,130,179
Operating charges	–%	–%	1.18%
Direct transaction costs	–%	0.48%	0.34%
Prices			
Highest share price	–	–	1,700.85
Lowest share price	–	–	1,598.59
Fund closed on 2 August 2018.			

Commentary (unaudited)

The Fund's NAV rose 13.8% (as measured by GBP Institutional Acc. class) during 2019, versus a 10.9% rise by its benchmark, the Barclays Sterling Aggregate Corporate Total Return Index.

During the first quarter, financial markets had a positive trend, as reflected by the prices of the securities within our Fund. Positive developments on trade wars, as well as the fact that a no-deal Brexit scenario seems to be extremely unlikely, have provided support to the markets and spreads for our securities consequently tightened. However, we feel our securities are still very cheap and should continue to benefit going forward from the strong credit fundamentals of the companies in which we are invested. Moreover, the spread tightening that we have experienced this year is only a partial recovery of last year's spread widening. There have been concerns regarding a potential slowdown in growth and central banks have become much more dovish than expected. This last factor is good for credit, although maybe less so for equity.

During the second quarter, financial markets gained, as reflected by the performance of the Fund. Dovishness from Central Banks contributed to stronger markets. However, we feel valuations are still very attractive and should continue to benefit going forward from the strong credit fundamentals of the companies in which we are invested. Moreover, the spread tightening that we have experienced this year is only a partial recovery of last year's spread widening. There was extremely strong demand for new issues during the quarter.

During the third quarter, despite strong earnings, markets were somewhat mixed due to on-going political headlines and macro uncertainties. The tone turned more positive in late August and September, following cuts in interest rates by both the European Central Bank (ECB) and the Federal Reserve (Fed). The Fund mainly benefited from the income during the quarter. The ECB also announced the re-opening of asset purchases, which despite being lower than expected at EUR 20 billion a month, is open-ended, which can be seen as a positive. Finally, the ECB has announced a new round of targeted longer-term refinancing operations (TLTRO) at very favourable terms and deposit tiering where part of the banks' excess liquidity reserves will be exempt from negative rates. This will alleviate some pressure around bank earnings, and in tandem with further dovish monetary policy to boost the economy this is a strong positive for financials. Following the dovishness of the central banks, the 10-year gilt finished the quarter lower at 0.48%. This makes the income aspect of our portfolio even more attractive on a relative basis, as we are capturing spreads well above 500 bps. At the end of September, within the legacy space, we saw a positive development, which was that Santander called one of their floating-rate notes at par at the end of the month. The bond was trading at 67% prior to the call at par. This had a positive impact on other legacy bonds that we own. However, we feel that there is significantly more upside. Instruments which have been issued under Basel II and Solvency I do not comply with the new regulatory framework (so-called legacy/grandfathered bonds).

During the fourth quarter of 2019, financial markets enjoyed a positive trend, as reflected by the performance of the Fund. Spreads

on financials' subordinated debt tightened during the quarter. The year ended strongly following positive developments related to trade wars and the UK general election. The Fund benefited from income during the quarter as well as from price appreciation of securities held. Despite the continued dovishness of central banks, the 10-year gilt rate went up during the quarter. Nevertheless, our Fund performed strongly, demonstrating its low sensitivity to interest rates. Within this low interest rate environment, we feel the Fund is well positioned by capturing spreads of more than 400 bps. Within the legacy space, security prices continued to benefit from positive developments linked to a number of issuers redeeming their old-style bonds. However, we feel that there is significantly more upside to come. Instruments which have been issued under Basel II and Solvency I do not comply with the new regulatory framework (so-called legacy/grandfathered bonds). Over time, these bonds are becoming inefficient. Therefore, there is a lot of optionality in terms of issuers tendering or calling these bonds over the coming quarters/years at a significant premium to current prices, as has been demonstrated by Santander, Commerzbank and Ageas. During the quarter, we also saw very strong demand for new issues. Going forward, we expect to continue to receive high and predictable income from the companies in which we are invested, independent of market conditions. In addition, we believe that the Fund should benefit from further price appreciation over the mid-/near term. Prices may not necessarily rise in a straight line, but, given the attractive valuation levels of securities in our area, we believe that there is scope for further spread tightening.

Outlook

We invest in the bonds of high-quality issuers and, therefore, we believe the Fund will not only keep on capturing steady income of close to 5.5% per annum, but we should also see additional capital gains as our base case is for spreads to tighten further during the rest of the year. During Q4 2019, from a credit standpoint, the issuers we hold behaved as expected. We have not changed anything in terms of the Fund's positioning, including the sub-sectors, types of securities and capital structures. The continuation of the multi-year process of capital strengthening for European financials makes us feel very confident in the strong and improving credit fundamentals of our issuers. Furthermore, spreads are still significantly wider than at the beginning of 2018 and this makes us believe that the valuations of our securities are extremely attractive. Regarding legacy capital securities, regulatory changes should lead to bonds being taken out and hence we see upside potential from further early calls and tenders. We expect this to be an additional positive driver for future performance. We continue to believe that yields on GBP-denominated securities that we own at close to, or above, 5.5% remain very attractive, particularly when they concern investment-grade-rated securities. With a yield to maturity of 4.94%, income will continue to be a strong driver of performance going forward. We also expect to continue benefiting from some capital gains and, therefore, feel that we are in a strong position regarding future performance.

The top holdings contributing to performance during the year were HSBC and Lloyds Bank. The bottom holdings were Burford Capital Ltd, Burford Capital Finance and Burford Capital PL.

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2019 %	31 December 2018 %
Ireland	100.36	100.48
Net other liabilities	(0.36)	(0.48)
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2019 %	31 December 2018 %
Collective Investment Schemes	100.36	100.48
Net other liabilities	(0.36)	(0.48)
Total net assets	100.00	100.00

Analysis, by investment	31 December 2019 %	31 December 2018 %
Bond Fund	100.36	100.48
Net other liabilities	(0.36)	(0.48)
Total net assets	100.00	100.00

Risk and Reward Profile (unaudited)



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

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

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

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

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund – see under "Practical Information" for how to obtain a copy.

GAM Credit Opportunities (GBP)

Portfolio Statement

as at 31 December 2019

Holdings	Description	Market Value £'000	% of Net Assets
Collective Investment Schemes 100.36% (December 2018: 100.48%)			
2,306,817	GAM Star Credit Opportunities Fund GBP Z Acc †	26,939	100.36
Total Investments		26,939	100.36
Net other liabilities		(97)	(0.36)
Total net assets		26,842	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 2019

Total Purchases	Cost £'000
GAM Star Credit Opportunities Fund GBP Z Acc	10,533
Total purchases for the year	10,533

Total Sales	Proceeds £'000
GAM Star Credit Opportunities Fund GBP Z Acc	12,078
Total sales for the year	12,078

GAM Credit Opportunities (GBP)

Statement of Total Return

for the year ended 31 December 2019

	Notes	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		2,235		(3,355)
Revenue	3	1,441		1,700	
Expenses	4	(278)		(309)	
Interest payable and similar charges		–		–	
Net revenue before taxation		1,163		1,391	
Taxation	5	–		–	
Net revenue after taxation			1,163		1,391
Total return before distribution			3,398		(1,964)
Distribution	6		(1,163)		(1,357)
Change in net assets attributable to shareholders from investment activities			2,235		(3,321)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		24,682		20,233
Amounts receivable on creation of shares	10,324		23,761	
Less: Amounts payable on cancellation of shares	(11,447)		(16,934)	
		(1,123)		6,827
Change in net assets attributable to shareholders from investment activities		2,235		(3,321)
Retained distribution on accumulation shares		1,048		943
Closing net assets attributable to shareholders		26,842		24,682

Balance Sheet

as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets:			
Fixed Assets:			
Investments		26,939	24,800
Current assets:			
Debtors	7	134	284
Cash and bank balances	8	3	2
Total assets		27,076	25,086
Liabilities:			
Creditors:			
Distribution payable		(41)	(104)
Other creditors	9	(193)	(300)
Total other liabilities		(234)	(404)
Net Assets Attributable to Shareholders		26,842	24,682

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 2019 and 31 December 2018:

Valuation technique	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	–	–	–	–
Level 2	26,939	–	24,800	–
Level 3	–	–	–	–
Total investments at fair value	26,939	–	24,800	–

2. Net capital gains/(losses)

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

	2019 £'000	2018 £'000
Non-derivative securities	2,242	(3,351)
Handling charges	(7)	(4)
Net capital gains/(losses)	2,235	(3,355)

3. Revenue

	2019 £'000	2018 £'000
Offshore distribution taxable from Collective Investment Schemes	1,441	1,700
Total revenue	1,441	1,700

Notes to the Financial Statements

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	267	292
Capped OCF rebate	(7)	(2)
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	5	5
Other expenses:		
Audit fees	8	8
Other	5	6
Total expenses	278	309

5. Taxation

	2019 £'000	2018 £'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 (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net expenses before taxation	1,163	1,391
Corporation tax of 20% (2018: 20%)	233	278
Effects of:		
Movement in excess management expenses	–	(11)
Tax deductible interest distributions *	(233)	(267)
Current tax charge for year (note 5a)	–	–

* Restated

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 (2018: £nil) 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:

	2019 £'000	2018 £'000
Final	1,089	1,047
Add: Revenue deducted on cancellation of shares	288	635
Deduct: Revenue received on creation of shares	(214)	(325)
Net distribution for the year	1,163	1,357
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	1,163	1,391
Income deficit brought forward	–	(34)
Net distribution for the year	1,163	1,357

Notes to the Financial Statements

7. Debtors

	2019 £'000	2018 £'000
Sales awaiting settlement	45	85
Amounts receivable for issue of shares	80	197
Reimbursement for capped expenses	9	2
Total debtors	134	284

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	3	2
Total cash and bank balances	3	2

9. Creditors

	2019 £'000	2018 £'000
Purchases awaiting settlement	51	173
Amounts payable for cancellation of shares	108	98
Accrued expenses	34	29
Total creditors	193	300

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2019 Opening shares in issue	Issued	Redeemed	2019 Closing shares in issue
Institutional Class – Income Shares	237,931	10,027	(152,398)	95,560
Institutional Class – Accumulation Shares	2,255,523	979,141	(953,399)	2,281,265

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.

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

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

At the year end accrued expenses included amounts owing to the ACD of £23,494 (2018: £20,975). The charge for the year is disclosed in note 4.

Included in the investment portfolio is a holding of 2,306,817 units in GAM Star Credit Opportunities (GAM International Management Limited) with a market value of £26,938,546. Revenue from this holding is shown in note 3. As at 31 December 2019 total revenue earned amounts to £1,441,307.

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 65.

The distribution per share class is given in the Distribution Table on page 66.

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 £312,275 (2018: £326,311).

14. Capital commitments and contingent liabilities

On 31 December 2019, the Fund had no capital commitments and no contingent liabilities (2018: £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% (£2,684,187) (2018: £247,997).

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

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

As at 31 December 2019	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	108	–
Purchases awaiting settlement	51	–
Accrued expenses	34	–
Distribution payable on income shares	–	41
Net assets attributable to shareholders	26,842	–
	27,035	41

Notes to the Financial Statements

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

(d) Redemption risk

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

(e) Credit risk

The Fund is exposed to credit risk on counterparties with whom it trades and may bear the risk of settlement default. Counterparty risk is limited in that most securities on the 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 note 8 to the financial statements for each Fund.

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

(g) Gains and losses on financial assets

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

(h) Fair value of financial assets and financial liabilities

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

16. Portfolio transaction costs

There were no transactions costs incurred during the year to 31 December 2019 (2018: £nil).

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (2018: nil).

17. Events after the Balance Sheet date

2020 to date has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The Authorised Corporate Director and the Investment Adviser are actively monitoring the situation and will continue to manage the Fund's assets within the investment and risk parameters that have been established. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance. COVID-19 is a non adjusting post balance sheet event.

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)	2018 (p)	2017 (p)
Institutional Class – Income Shares⁽¹⁾			
Change in net assets per share			
Opening net asset value per share	922.57	1,033.54	1,000.00
Return before operating charges*	138.52	(55.83)	36.43
Operating charges	(11.26)	(11.37)	(2.89)
Return after operating charges*	127.26	(67.20)	33.54
Distributions on income shares	(42.46)	(43.77)	–
Closing net asset value per share	1,007.37	922.57	1,033.54
* including direct transaction costs of:	–	–	–
Performance			
Return after charges	13.78%	(6.50%)	3.35%
Other information			
Closing net asset value (£'000)	963	2,195	58
Closing number of shares	95,560	237,931	5,614
Operating charges	1.15%	1.14%	1.17%
Direct transaction costs	–%	–%	–%
Prices			
Highest share price	1,049.83	1,046.34	1,033.54
Lowest share price	921.55	962.86	999.80
	2019 (p)	2018 (p)	2017 (p)
Institutional Class – Accumulation Shares⁽²⁾			
Change in net assets per share			
Opening net asset value per share	996.99	1,066.26	1,000.00
Return before operating charges*	149.75	(57.47)	73.79
Operating charges	(12.32)	(11.80)	(7.53)
Return after operating charges*	137.43	(69.27)	66.26
Distributions on accumulation shares	(45.93)	(41.81)	–
Retained distributions on accumulation shares	45.93	41.81	–
Closing net asset value per share	1,134.42	996.99	1,066.26
* including direct transaction costs of:	–	–	–
Performance			
Return after charges	13.78%	(6.50%)	6.63%
Other information			
Closing net asset value (£'000)	25,879	22,487	20,175
Closing number of shares	2,281,265	2,255,523	1,892,075
Operating charges	1.15%	1.14%	1.26%
Direct transaction costs	–%	–%	–%
Prices			
Highest share price	1,134.42	1,079.46	1,066.26
Lowest share price	995.89	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 2019

Group 2 Final Shares purchased on or between 1 January 2019 and 31 December 2019

Institutional Class – Income Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	42.4600	–	42.4600	43.7700
Group 2	(p)	(p)	(p)	(p)
Final	–	42.4600	42.4600	43.7700

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	45.9300	–	45.9300	41.8100
Group 2	(p)	(p)	(p)	(p)
Final	24.3200	21.6100	45.9300	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 rose 24.9% (as measured by GBP Institutional Acc. class) during 2019 versus a 20.0% rise from its benchmark, the MSCI Europe ex UK Net Index in GBP.

2019 will go down as a vintage year for the asset class, but any sensible assessment needs to take account of the starting point. The inflection in market performance, after a vicious Q4 18 correction and a weak year overall for almost all assets in 2018, coincided almost exactly with the turn of the calendar year. Seen in this context, the circa 13% appreciation in the MSCI Europe ex UK Index over two years (2018-2019) looks much more modest and is a powerful counter to the view that European equities look overcooked as we head into 2020.

We expressed the view at the end of 2018 that too much pessimism was priced into the market in general and in particular to cyclical stocks. A balanced appraisal of the economic data did not justify the cries – shrill and inescapable at the time – that a recession was just around the corner. Specifically, a declining rate of consumption growth (ie a negative consumption impulse) which has always been associated with a late cycle peak was not present. Consumption growth in the US and Europe actually continued to accelerate in 2019, even if industrial data, about which news outlets like to obsess, remained weak for most of the period. Even here, however, the picture was mixed – with France consistently outperforming Germany for example.

Markets rebounded strongly for the first four months of 2019 from a starting point of being over-sold, but the decade long paradigm of low volatility outperformance ie volatility suppression, which had re-asserted itself from the middle of 2018 (see figures 1 and 2), remained very much intact. It was only really from August 2019 onwards that stocks pigeon-holed by the market as more “volatile” (often confused with value) in nature began to outperform, allowing the index to break out and make new highs versus the 2018 peak. Positive economic news flow and the reduction of left hand tail risks from a ‘no-deal Brexit’ and a far-left UK government in Q4 propelled the market higher towards the end of the year.

There remains a lot to go for in European equities, both in absolute terms and relative to other developed markets where valuations are in aggregate more demanding. Judging by the flows data over the last two years, the asset class is heavily under-owned, but flows are starting to turn from depressed levels. Looking to the state of European economies, following a slew of weak industrial data, there are tentative signs that some of the closely watched, but not very informative European survey data is stabilising, helped at the margin by a degree of policy support from China.

The top holdings contributing to performance over the year were ASML, LVMH Moët Hennessy Louis Vuitton and Zalando. The bottom holdings were SES SSA GDR, Kering and CaixaBank.

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2019 %	31 December 2018 %
Ireland	100.02	99.67
Net other (liabilities)/assets	(0.02)	0.33
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2019 %	31 December 2018 %
Collective Investment Schemes	100.02	99.67
Net other (liabilities)/assets	(0.02)	0.33
Total net assets	100.00	100.00

Analysis, by investment	31 December 2019 %	31 December 2018 %
Equity Funds	100.02	99.67
Net other (liabilities)/assets	(0.02)	0.33
Total net assets	100.00	100.00

Risk and Reward Profile (unaudited)



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

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

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

- **Capital at Risk:** all financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.
- **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 – see under "Practical Information" for how to obtain a copy.

Portfolio Statement

as at 31 December 2019

Holdings	Description	Market Value £'000	% of Net Assets
Collective Investment Schemes 100.02% (December 2018: 99.67%)			
2,516,603	GAM Star Continental European Equity Fund GBP Z Acc †	25,528	100.02
Total Investments		25,528	100.02
Net other assets		(6)	(0.02)
Total net assets		25,522	100.00

All investments are Collective Investment Scheme unless otherwise stated.

† A related party to the Fund.

GAM Continental European Equity

Statement of Material Portfolio Changes (unaudited)

for the year ended 31 December 2019

Total Purchases	Cost £'000
GAM Star Credit Opportunities Fund GBP Z Acc	12,620
Total purchases for the year	12,620

Total Sales	Proceeds £'000
GAM Star Credit Opportunities Fund GBP Z Acc	3,539
Total sales for the year	3,539

Statement of Total Return

for the year ended 31 December 2019

	Notes	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		3,921		(2,187)
Revenue	3	476		182	
Expenses	4	(185)		(83)	
Net revenue before taxation		291		99	
Taxation	5	–		–	
Net revenue after taxation			291		99
Total return before distribution			4,212		(2,088)
Distribution	6		(291)		(99)
Change in net assets attributable to shareholders from investment activities			3,921		(2,187)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		12,567		4,566
Amounts receivable on creation of shares	12,070		17,533	
Less: Amounts payable on cancellation of shares	(3,347)		(7,533)	
		8,723		10,000
Change in net assets attributable to shareholders from investment activities		3,921		(2,187)
Retained distribution on accumulation shares		311		188
Closing net assets attributable to shareholders		25,522		12,567

GAM Continental European Equity

Balance Sheet

as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets:			
Fixed Assets:			
Investments		25,528	12,525
Current assets:			
Debtors	7	174	160*
Cash and bank balances	8	5	9
Total assets		25,707	12,694
Liabilities:			
Creditors:			
Other creditors	9	(185)	(127)*
Total other liabilities		(185)	(127)
Net Assets Attributable to Shareholders		25,522	12,567

* Restated.

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 2019 and 31 December 2018:

Valuation technique	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	–	–	–	–
Level 2	25,528	–	12,525	–
Level 3	–	–	–	–
Total investments at fair value	25,528	–	12,525	–

2. Net capital gains/(losses)

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

	2019 £'000	2018 £'000
Non-derivative securities	3,923	(2,186)
Handling charges	(2)	(1)
Net capital gains/(losses)	3,921	(2,187)

3. Revenue

	2019 £'000	2018 £'000
Offshore distribution non-taxable from Collective Investment Schemes	476	182
Total revenue	476	182

Notes to the Financial Statements

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	171	78
Capped OCF rebate	(1)	(2)
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	4	2
Other expenses:		
Audit fees	8	8
Other	3	(3)
Total expenses	185	83

5. Taxation

	2019 £'000	2018 £'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 (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	291	99
Corporation tax of 20% (2018: 20%)	58	20
Effects of:		
Overseas non-taxable revenue	(95)	(37)
Movement in excess management expenses	37	17
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 £54,702 (2018: £17,892) 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:

	2019 £'000	2018 £'000
Final	311	188
Add: Revenue deducted on cancellation of shares	30	10
Deduct: Revenue received on creation of shares	(50)	(99)
Net distribution for the year	291	99

Notes to the Financial Statements

7. Debtors

	2019 £'000	2018 £'000
Sales awaiting settlement	6	–
Amounts receivable for issue of shares	165	157
Accrued revenue	–	1
Reimbursement for capped expenses	3	2*
Total debtors	174	160

* Restated.

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	5	9
Total cash and bank balances	5	9

9. Creditors

	2019 £'000	2018 £'000
Purchases awaiting settlement	143	111
Amounts payable for cancellation of shares	17	–
Accrued expenses	25	16*
Total creditors	185	127

* Restated.

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2019 Opening shares in issue	Issued	Redeemed	2019 Closing shares in issue
Institutional Class – Accumulation Shares	1,516,225	1,297,270	(347,993)	2,465,502

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.

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

The Fund which is managed by Niall Gallagher 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 £17,633 (2018: £8,342). The charge for the year is disclosed in note 4.

Included in the investment portfolio is a holding of 2,516,603 units in GAM Star Continental European Equity (GAM International Management Limited) with a market value of £25,528,128. Revenue from this holding is shown in note 3. As at 31 December 2019 total revenue earned amounts to £475,538.

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 78.

The distribution per share class is given in the Distribution Table on page 79.

13. Feeder Fund

The aggregate charges of GAM Continental European Equity and the Master Fund GAM Star Continental European Equity GBP Z are £204,446 (2018: £87,899).

14. Capital commitments and contingent liabilities

On 31 December 2019, the Fund had no capital commitments (2018: £nil) and no contingent liabilities (2018: £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's and by regularly reviewing and evaluating the Fund 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% (£2,552,813) (2018: (£1,252,538)).

(b) Foreign currency risk

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

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

(c) Liquidity risk

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

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

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

As at 31 December 2019	<1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	17	–
Purchases awaiting settlement	143	–
Accrued expenses	25	–
Net assets attributable to shareholders	25,522	–
	25,707	–

Notes to the Financial Statements

As at 31 December 2018	< 1 month £'000	1-3 months £'000
Purchases awaiting settlement	111	–
Accrued expenses	16*	–
Net assets attributable to shareholders	12,567	–
	12,694	–

* Restated.

(d) Redemption risk

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

(e) Credit risk

The Fund is exposed to credit risk on counterparties with whom it trades and may bear the risk of settlement default. Counterparty risk is limited in that most securities on the 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 note 8 to the financial statements for each Fund.

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

(g) Gains and losses on financial assets

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

(h) Fair value of financial assets and financial liabilities

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

16. Portfolio transaction costs

There were no transactions costs incurred during the year to 31 December 2019 (2018: £nil).

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (2018: nil).

17. Events after the Balance Sheet date

2020 to date has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The Authorised Corporate Director and the Investment Adviser are actively monitoring the situation and will continue to manage the Fund's assets within the investment and risk parameters that have been established. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance. COVID-19 is a non adjusting post balance sheet event.

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)	2018 (p)	2017 (p)
Institutional Class – Accumulation Shares⁽¹⁾			
Change in net assets per share			
Opening net asset value per share	828.80	1,013.26	1,000.00
Return before operating charges*	215.38	(175.43)	19.22
Operating charges	(9.02)	(9.03)	(5.96)
Return after operating charges*	206.36	(184.46)	13.26
Distributions on accumulation shares	(12.63)	(12.37)	–
Retained distributions on accumulation shares	12.63	12.37	–
Closing net asset value per share	1,035.16	828.80	1,013.26
* including direct transaction costs of:	–	–	–
Performance			
Return after charges	24.90%	(18.20%)	1.33%
Other information			
Closing net asset value (£'000)	25,522	12,567	4,566
Closing number of shares	2,465,502	1,516,225	450,598
Operating charges	0.93%	0.93%	1.07%
Direct transaction costs	–%	–%	–%
Prices			
Highest share price	1,051.86	1,051.86	1,040.95
Lowest share price	822.13	812.32	986.27

⁽¹⁾ Share class launched on 24 May 2017.

Distribution Tables

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2019

Group 2 Final Shares purchased on or between 1 January 2019 and 31 December 2019

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	12.6300	–	12.6300	12.3700
Group 2	(p)	(p)	(p)	(p)
Final	8.7400	3.8900	12.6300	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.

Commentary (unaudited)

The Fund's NAV rose 16.5% (as measured by GBP Institutional Acc. class) during 2019 versus a 13.8% rise from its benchmark, the MSCI Emerging Markets Index in GBP.

The first quarter of 2019 has proved less challenging than the calendar year of 2018, with solid gains recorded, but we believe this is the first leg of the recovery and that there is more to come. In our view, we are in fascinating territory for emerging markets (EM).

During the second quarter, EM relative risk return versus developed market equities remained favourable due to the relative attraction of EM equity, value, momentum and growth. Its present level of enhanced volatility gives it a cushion in the face of any shocks. Our overall approach is style agnostic – we seek to buy quality stocks at cheap valuations in the context of a disciplined risk management framework. We think it is essential to capture the upside (as well as aiming to deliver some downside insulation) and, in order to achieve this, we need to be prepositioned for rebounds from the troughs. We feel we are at the beginning of a strong upturn for the asset class, and there is a lot more positivity to come, in our view. We believe institutional investors are not yet up to their full weightings in EM, so we anticipate significant asset inflows ahead. On risks, our biggest concern is a widespread disease outbreak, which trumps terrorism and geopolitics.

The third quarter saw that global slowdown fears and impeachment noise did not stop the MSCI Emerging Markets (EM) Index from closing up +1.9% in September. The markets were partially propelled by renewed expectations of engagement between US-China and G-3 monetary policy easing. Technology stocks led the MSCI EM Index, due to a recovery in memory semiconductors prices and iPhone and 5G related demand pick up.

Over the fourth quarter, EM equities benefited from stronger risk appetite on the back of a 'phase one' trade deal between China and the US, as well as the key support of a weaker US dollar as the Federal Reserve (Fed) cut US interest rates further. Local events also exerted an influence, with outperformers at the country level including markets implementing meaningful structural reforms, notably Brazil. Technology stocks led the MSCI EM Index over the quarter, with their outperformance underlining their importance within the broad EM equity universe.

Outlook

Notwithstanding their December rally, we view EM equities as an investment grade asset class that has been lagging its developed market counterparts. We believe this suggest it offers attractions for value, growth and yield investors, while offering strong EPS growth and price-to-earnings ratio re-rating potential for 2020. In our view, this suggests the asset class enjoys enviable risk / return dynamics going into 2020: in our view, its downside risk is roughly equivalent to that of the S&P 500, but its valuation levels are akin to those witnessed in around 2004 (i.e., before the asset class experienced a very material re-rating versus developed market equities from 2004 through to 2008).

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2019 %	31 December 2018 %
Luxembourg	100.03	96.76
Net other (liabilities)/assets	(0.03)	3.24
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2019 %	31 December 2018 %
Collective Investment Schemes	100.03	96.76
Net other (liabilities)/assets	(0.03)	3.24
Total net assets	100.00	100.00

Analysis, by investment	31 December 2019 %	31 December 2018 %
Equity Funds	100.03	96.76
Net other (liabilities)/assets	(0.03)	3.24
Total net assets	100.00	100.00

Risk and Reward Profile (unaudited)



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

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

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

- **Liquidity Risk:** some investments can be difficult to sell quickly which may affect the value of the Fund and, in extreme market conditions, its ability to meet redemption requests.
- **Leverage Risk:** derivatives may multiply the exposure to underlying assets and expose the Fund to the risk of substantial losses.
- **Counterparty / Derivatives Risk:** if a counterparty to a financial derivative contract were to default, the value of the contract, the cost to replace it and any cash or securities held by the counterparty to facilitate it, may be lost.
- **Special Country Risk / China:** changes in China's political, social or economic policies may significantly affect the value of the Fund's investments. China's tax law is also applied under policies that may change without notice and with retrospective effect.
- **Capital at Risk:** all financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.
- **Market Risk / Emerging Markets:** emerging markets will generally be subject to greater political, market, counterparty and operational risks.

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund – see under "Practical Information" for how to obtain a copy.

Portfolio Statement

as at 31 December 2019

Holdings	Description	Market Value £'000	% of Net Assets
Collective Investment Schemes 100.03% (December 2018: 96.76%)			
30,552	GAM MultiStock – Emerging Markets Equity GBP Ia1†	3,259	100.03
Total Investments		3,259	100.03
Net other liabilities		(1)	(0.03)
Total net assets		3,258	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 2019

Total Purchases	Cost £'000	Total Sales	Proceeds £'000
GAM MultiStock – Emerging Markets Equity GBP Ia1	2,953	GAM MultiStock – Emerging Markets Equity GBP Ia1	145
Total purchases for the year	2,953	Total sales for the year	145

Statement of Total Return

for the year ended 31 December 2019

	Notes	2019		2018	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		152		(70)
Revenue	3	53		11	
Expenses	4	(10)		(3)	
Interest payable and similar charges		–		–	
Net revenue before taxation		43		8	
Taxation	5	–		–	
Net revenue after taxation			43		8
Total return before distribution			195		(62)
Distribution	6		(43)		(8)
Change in net assets attributable to shareholders from investment activities			152		(70)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		309		110
Amounts receivable on creation of shares	2,915		390	
Less: Amounts payable on cancellation of shares	(165)		(129)	
		2,750		261
Change in net assets attributable to shareholders from investment activities		152		(70)
Retained distribution on accumulation shares		47		8
Closing net assets attributable to shareholders		3,258		309

Balance Sheet

as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets:			
Fixed Assets:			
Investments		3,259	299
Current assets:			
Debtors	7	10	1
Cash and bank balances	8	114	10
Total assets		3,383	310
Liabilities:			
Creditors:			
Other creditors	9	(125)	(1)
Total other liabilities		(125)	(1)
Net Assets Attributable to Shareholders		3,258	309

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 2019 and 31 December 2018:

Valuation technique	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	–	–	–	–
Level 2	3,259	–	299	–
Level 3	–	–	–	–
Total investments at fair value	3,259	–	299	–

2. Net capital gains/(losses)

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

	2019 £'000	2018 £'000
Non-derivative securities	152	(69)
Handling charges	–	(1)
Net capital gains/(losses)	152	(70)

3. Revenue

	2019 £'000	2018 £'000
Offshore distribution non-taxable from Collective Investment Schemes	53	11
Total revenue	53	11

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	11	4
Capped OCF rebate	(9)	(1)
Other expenses:		
Audit fees	8	–
Total expenses	10	3

Notes to the Financial Statements

5. Taxation

	2019 £'000	2018 £'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 (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	43	8
Corporation tax of 20% (2018: 20%)	9	2
Effects of:		
Overseas non-taxable revenue	(11)	(3)
Movement in excess management expenses	2	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 £2,903 (2018: £768) 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:

	2019 £'000	2018 £'000
Final	47	8
Add: Revenue deducted on cancellation of shares	1	–
Deduct: Revenue received on creation of shares	(5)	–
Net distribution for the year	43	8

7. Debtors

	2019 £'000	2018 £'000
Reimbursement for capped expenses	10	1
Total debtors	10	1

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	114	10
Total cash and bank balances	114	10

Notes to the Financial Statements

9. Creditors

	2019 £'000	2018 £'000
Purchases awaiting settlement	108	–
Amounts payable for cancellation of shares	15	–
Accrued expenses	2	1
Total creditors	125	1

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2019 Opening shares in issue	Issued	Redeemed	2019 Closing shares in issue
Institutional Class – Accumulation Shares	32,741	278,665	(15,661)	295,745

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.

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

The Fund which is managed by GAM International Management Limited invests primarily in GAM 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 £2,740 (2018: £266). The charge for the year is disclosed in note 4.

Included in the investment portfolio is a holding of 30,552 units in GAM MultiStock – Emerging Markets Equity (GAM International Management Limited) with a market value of £3,258,648. Revenue from this holding is shown in note 3. As at 31 December 2019 total revenue earned amounts to £53,315.

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

12. Share classes

The Fund has one share class.

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

	%
Institutional Class – Accumulation Shares:	1.00

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on page 90.

The distribution per share class is given in the Distribution Table on page 91.

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 £11,490 (2018: £3,093).

14. Capital commitments and contingent liabilities

On 31 December 2019, the Fund had no capital commitments (2018: £nil) and no contingent liabilities (2018: £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% (£325,865) (2018: £29,916).

Notes to the Financial Statements

(b) Foreign currency risk

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

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

(c) Liquidity risk

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

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

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

As at 31 December 2019	<1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	15	–
Purchases awaiting settlement	108	–
Accrued expenses	2	–
Net assets attributable to shareholders	3,258	–
	3,383	–
As at 31 December 2018	<1 month £'000	1-3 months £'000
Accrued expenses	1	–
Net assets attributable to shareholders	309	–
	310	–

(d) Redemption risk

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

(e) Credit risk

The Fund is exposed to credit risk on counterparties with whom it trades and may bear the risk of settlement default. Counterparty risk is limited in that most securities on the 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.

(f) Interest rate risk

The Fund may hold cash balances which are subject to a floating rate of interest. At the year end, floating rates were tracked against the Bank of England base rate -0.5% and for any overdrafts the Bank of England base rate +1%. The amount of the cash balances are set out in note 8 to the financial statements for the Fund.

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

(g) Gains and losses on financial assets

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

(h) Fair value of financial assets and financial liabilities

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

16. Portfolio transaction costs

There were no transactions costs incurred during the year to 31 December 2019 (2018: £nil).

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was nil (2018: nil).

17. Events after the Balance Sheet date

2020 to date has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The Authorised Corporate Director and the Investment Adviser are actively monitoring the situation and will continue to manage the Fund's assets within the investment and risk parameters that have been established. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance. COVID-19 is a non adjusting post balance sheet event.

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)	2018 (p)	2017 (p)
Institutional Class – Accumulation Shares⁽¹⁾			
Change in net assets per share			
Opening net asset value per share	945.07	1,096.29	1,000.00
Return before operating charges*	168.02	(139.97)	103.08
Operating charges	(11.63)	(11.25)	(6.79)
Return after operating charges*	156.39	(151.22)	96.29
Distributions on accumulation shares	(16.04)	(23.52)	(12.53)
Retained distributions on accumulation shares	16.04	23.52	12.53
Closing net asset value per share	1,101.46	945.07	1,096.29
* including direct transaction costs of:	–	–	–
Performance			
Return after charges	16.55%	(13.79%)	9.63%
Other information			
Closing net asset value (£'000)	3,258	309	110
Closing number of shares	295,745	32,741	10,000
Operating charges	1.09%	1.10%	1.25%
Direct transaction costs	–%	–%	–%
Prices			
Highest share price	1,121.48	1,151.89	1,114.04
Lowest share price	944.69	904.90	974.34

⁽¹⁾ Share class launched on 26 June 2017.

Distribution Tables

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2019

Group 2 Final Shares purchased on or between 1 January 2019 and 31 December 2019

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	16.0400	–	16.0400	23.5200
Group 2	(p)	(p)	(p)	(p)
Final	13.8400	2.2000	16.0400	23.5200

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.

Commentary (unaudited)

The Fund's NAV rose 15.9% (as measured by the Institutional Income class) during 2019 compared to a rise of 19.2% from its benchmark, the FTSE All-Share Index.

Despite strong equity market returns in 2019, the Fund remains attractively valued on 10x forward P/E, 8% free cash flow yield and 4.7% historic dividend yield.

In the UK, mid-caps were the stand out performer from August to the end of the year. The catalyst was the change in direction of bond yields and sterling, which appeared to prompt M&A activity from the likes of Cobham, EI Group, Entertainment One and Greene King.

As clarity over the political backdrop improved and the likelihood of Labour's policy on nationalisation diminished, the domestically-orientated names performed better than their international peers, which dominate the FTSE 100. This development helped the Fund's performance with the likes of Pennon, OneSavings Bank, Volution, Wilmington, SSE, Wincanton and Bakkavor driving performance in the second half of the year.

While performance picked up considerably in the latter stages of the year, it was disappointing that it lagged the broader index for the whole year. There were a handful of companies, discussed in detail below, that weighed on performance. Some, like De La Rue, have been sold due to deteriorating fundamentals. However, we have also added to those that remain attractively valued and are supported by fundamentals but failed to deliver in 2019 due to one-off operational issues (Proactis and Arena Events for example).

The decision to be underweight the oil & gas sector and to have no exposure to miners proved a good one. Furthermore, the overweight stance to utilities and industrials was beneficial. Conversely, the overweight to telecoms hindered relative performance.

There are three big macro drivers that we consider interesting to UK equities at the moment, namely currency, bond yields and the oil price.

Sterling ended the year against the US dollar at 1.33, slightly stronger than when it started 2019 (having hit a low of 1.20 in August). We believe there is a chance for this to go higher if the UK economy improves on a post-election bounce. This suggests to us that mid and small-caps should do better than their large-cap counterparts. The Fund is 40% exposed to large companies and 60% to mid and small.

The UK 10-year gilt yield ended 2019 at 0.82%, considerably lower than 1.28% recorded at the start of 2019. However, having visited 0.4% in September, momentum is to higher yields, especially if the economy improves. This suggests to us that banks and insurance companies should start to see the headwind of lower rates begin to lessen. We have added exposure to both areas.

Brent crude ended 2019 at USD 66 per barrel, a good increase on the starting value of USD 55 per barrel. However, the likes of BP ended 2019 down at 472p having commenced the year at 495p. We have added to our oil exposure in the Fund. BP is now a top 10 position.

For us, 2020 is all about companies delivering on their targets. The shares highlighted in Table 1 all find themselves on low valuations as the market has little confidence in that being achieved. If the companies can achieve their forecasts then there is significant potential due to their low starting valuations. Despite the jump in performance following the general election result the fund remains attractively valued on a forward P/E of 10x and forward dividend yield of 5.1%. Furthermore the fund's income grew by 10% in 2019 and we aim to achieve 5% annual dividend growth in the future. Overall we believe there are areas of the UK market which are attractively valued, especially when viewed from the perspective of an international investor. Political clarity combined with a low currency may spur further M&A and a preference for UK equities.

The Funds top holdings contributing to performance during the year were Pennon, Tarsus and Lloyds Banking. The bottom holdings were Proactis, De La Rue and Arena Events.

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2019 %	31 December 2018 %
United Kingdom	89.81	86.90
France	3.91	4.06
Ireland	1.20	2.20
Guernsey	0.74	0.71
United States	0.70	–
Forward currency contracts	(0.10)	(0.09)
Net other assets	3.74	6.22
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2019 %	31 December 2018 %
Food Beverage & Tobacco	10.72	14.77
Banks	10.54	7.40
Energy	8.37	4.79
Insurance	7.62	4.94
Utilities	6.32	6.03
Telecommunication Services	6.18	6.84
Transportation	5.88	6.15
Capital Goods	5.27	6.49
Retailing	4.93	3.16
Diversified Financials	4.66	1.18
Pharmaceuticals & Biotechnology	3.91	2.01
Commercial & Professional Services	3.83	9.31
Real Estate	3.83	4.73
Food & Staples Retailing	2.98	2.25
Technology Hardware & Equipment	2.69	2.51
Materials	2.38	0.74
Fixed Interest	1.26	1.41
Consumer Services	1.21	1.20
Household & Personal Products	1.08	0.84
Software & Services	1.00	4.04
Health Care Equipment & Services	0.53	–
Media & Entertainment	0.43	2.36
External Funds (Other)	0.74	0.71
Forward currency contracts	(0.10)	(0.08)
Net other assets	3.74	6.22
Total net assets	100.00	100.00

Analysis, by investment	31 December 2019 %	31 December 2018 %
Equity Quoted	95.10	92.46
Corporate Bonds	1.26	1.41
Forward currency contracts	(0.10)	(0.09)
Net other assets	3.74	6.22
Total net assets	100.00	100.00

Risk and Reward Profile (unaudited)



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

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

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

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

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund – see under "Practical Information" for how to obtain a copy.

Portfolio Statement

as at 31 December 2019

Holdings	Description	Market Value £'000	% of Net Assets
United Kingdom			
Banks 10.54% (December 2018: 7.40%)			
15,958,888	Lloyds Banking	9,974	4.17
1,974,755	OneSavings Bank	8,558	3.57
2,786,752	Royal Bank of Scotland	6,697	2.80
		25,229	10.54
Food Beverage & Tobacco 9.52% (December 2018: 12.57%)			
668,916	Imperial Tobacco	12,502	5.22
3,701,279	Bakkavor	5,167	2.16
2,865,403	Devro	5,112	2.14
		22,781	9.52
Insurance 7.62% (December 2018: 4.94%)			
1,911,430	Legal & General	5,792	2.42
1,220,462	Aviva	5,110	2.14
737,400	RSA Insurance	4,170	1.74
1,763,366	Hastings	3,160	1.32
		18,232	7.62
Utilities 6.32% (December 2018: 6.03%)			
859,613	National Grid	8,117	3.39
399,431	SSE	5,746	2.40
400,201	Drax	1,257	0.53
		15,120	6.32
Transportation 5.88% (December 2018: 6.15%)			
1,552,762	National Express	7,292	3.05
2,214,768	Wincanton	6,777	2.83
1,509,491	Fastjet Warrants Expiry date 31/07/2021	–	–
		14,069	5.88
Energy 5.34% (December 2018: 3.04%)			
2,312,573	BP	10,906	4.56
471,664	John Wood	1,880	0.78
		12,786	5.34
Capital Goods 5.27% (December 2018: 6.49%)			
1,358,849	Morgan Crucible	4,308	1.80
1,667,509	Volution	4,285	1.79
1,656,212	Eurocell	4,025	1.68
		12,618	5.27

Portfolio Statement

as at 31 December 2019

Holdings	Description	Market Value £'000	% of Net Assets
Retailing 4.93% (December 2018: 3.16%)			
2,128,836	Halfords	3,604	1.51
2,475,411	Hostelworld	3,094	1.29
1,875,055	Shoe Zone	3,056	1.28
403,083	SuperGroup	2,030	0.85
		11,784	4.93
Diversified Financials 4.66% (December 2018: 1.18%)			
2,604,738	Premier Miton	4,910	2.05
249,245	Close Brothers	3,983	1.66
902,058	River & Mercantile	2,273	0.95
		11,166	4.66
Telecommunication Services 4.60% (December 2018: 4.53%)			
5,727,175	BT	11,021	4.60
		11,021	4.60
Pharmaceuticals & Biotechnology 3.91% (December 2018: 2.01%)			
467,614	GlaxoSmithKline	8,319	3.48
110,487	Clinigen Healthcare	1,021	0.43
		9,340	3.91
Commercial & Professional Services 3.83% (December 2018: 9.31%)			
2,243,825	Wilmington	5,565	2.33
8,600,000	Arena Events	1,806	0.75
1,540,428	GYG	978	0.41
412,500	Gateley	819	0.34
		9,168	3.83
Real Estate 3.83% (December 2018: 4.73%)			
4,539,433	Grit Real Estate Income	4,061	1.70
3,136,660	Empiric Student Property *	3,058	1.28
205,986	Land Securities *	2,039	0.85
		9,158	3.83
Food & Staples Retailing 2.98% (December 2018: 2.25%)			
2,793,567	Tesco	7,129	2.98
		7,129	2.98
Technology Hardware & Equipment 2.69% (December 2018: 2.51%)			
3,303,376	Strix	6,442	2.69
		6,442	2.69

* Real Estate Investment Trust (REIT).

Portfolio Statement

as at 31 December 2019

Holdings	Description	Market Value £'000	% of Net Assets
	Materials 2.38% (December 2018: 0.74%)		
793,538	DS Smith	3,049	1.27
1,085,359	Scapa	2,648	1.11
		5,697	2.38
	Fixed Interest 1.26% (December 2018: 1.41%)		
3,515,000	AA Bond 5.5% 31/07/2022	3,023	1.26
		3,023	1.26
	Consumer Services 1.21% (December 2018: 1.20%)		
1,534,958	William Hill	2,893	1.21
		2,893	1.21
	Household & Personal Products 1.08% (December 2018: 0.84%)		
3,656,755	Warpaint London	2,596	1.08
		2,596	1.08
	Software & Services 1.00% (December 2018: 4.04%)		
5,011,444	Proactis	2,405	1.00
		2,405	1.00
	Health Care Equipment & Services 0.53% (December 2018: 0.00%)		
785,440	Medica	1,276	0.53
		1,276	0.53
	Media & Entertainment 0.43% (December 2018: 2.36%)		
1,250,000	Huntsworth	1,018	0.43
		1,018	0.43
	France		
	Energy 2.33% (December 2018: 1.75%)		
133,751	Total	5,576	2.33
		5,576	2.33
	Telecommunication Services 1.58% (December 2018: 2.31%)		
340,637	Orange	3,787	1.58
		3,787	1.58
	Ireland		
	Food Beverage & Tobacco 1.20% (December 2018: 2.20%)		
866,337	Origin Enterprises	2,863	1.20
		2,863	1.20
	Guernsey		
	External Funds (Other) 0.74% (December 2018: 0.71%)		
1,608,391	Hipgnosis Songs Fund	1,769	0.74
		1,769	0.74

Portfolio Statement

as at 31 December 2019

Holdings	Description	Market Value £'000	% of Net Assets			
	United States					
	Energy 0.70% (December 2018: 0.00%)					
1,570,856	Diversified Gas & Oil	1,673	0.70			
		1,673	0.70			
	Forward Currency Contracts (0.10%) (December 2018: (0.09%))					
Sale Currency	Contractual Amount	Purchase Currency	Contractual Amount	Maturity Date	Market Value £'000	% of Net Assets
EUR	14,156,911	GBP	11,811,640	2020-01-16	(189)	(0.08)
USD	5,424,622	GBP	4,054,006	2020-01-16	(39)	(0.02)
					(228)	(0.10)
	Total Investments ^				230,391	96.26
	Net other assets				8,941	3.74
	Total net assets				239,332	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 2019

Major Purchases	Cost £'000	Major Sales	Proceeds £'000
BP	9,122	British American Tobacco	10,167
Imperial Tobacco	7,266	Pennon	8,732
Royal Bank of Scotland	6,134	Tarsus	5,861
BT	5,618	Land Securities	4,993
Aviva	4,941	Cohort	4,475
SSE	4,506	Phoenix	4,302
OneSavings Bank	4,384	easyJet	3,687
GlaxoSmithKline	4,339	Greencore	3,622
RSA Insurance	3,963	Babcock International	2,685
British American Tobacco	3,869	G4S	2,645
Origin Enterprises	3,778	Chemring	2,618
Close Brothers	3,433	Micro Focus International	2,595
Hostelworld	3,333	Saga	2,247
Hastings	3,219	Barclays	2,147
Total	2,963	Senior	1,635
Empiric Student Property	2,935	De La Rue	1,572
Lloyds Banking	2,840	St James's Place	1,504
Halfords	2,734	OneSavings Bank	1,070
easyJet	2,621	DS Smith	988
Premier Miton	2,552	Hyve	953
Total purchases for the year	140,279	Total sales for the year	71,425

Statement of Total Return

for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Income			
Net capital gains/(losses)	2	22,069	(17,797)
Revenue	3	9,528	4,116
Expenses	4	(1,246)	(622)
Interest payable and similar charges		(1)	(1)
Net revenue before taxation		8,281	3,493
Taxation	5	(1)	(19)
Net revenue after taxation		8,280	3,474
Total return before distributions		30,349	(14,323)
Distributions	6	(9,113)	(3,750)
Change in net assets attributable to shareholders from investment activities		21,236	(18,073)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2019

	2019 £'000	2018 £'000
Opening net assets attributable to shareholders	149,960	21,463
In-specie transfer*	–	47,884
Amounts receivable on creation of shares	139,465	113,008
Less: Amounts payable on cancellation of shares	(73,670)	(16,242)
	65,795	144,650
Dilution levy	122	136
Change in net assets attributable to shareholders from investment activities	21,236	(18,073)
Retained distribution on accumulation shares	2,219	1,784
Closing net assets attributable to shareholders	239,332	149,960

* Amounts received from GAM UK Diversified.

Balance Sheet

as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets:			
Fixed Assets:			
Investments		230,619	140,765
Current assets:			
Debtors	7	1,353	9,563
Cash and bank balances	8	14,837	5,676
Total assets		246,809	156,004
Liabilities:			
Investment liabilities		(228)	(136)
Creditors:			
Distribution payable		(4,522)	(2,240)
Other creditors	9	(2,727)	(3,668)
Total other liabilities		(7,477)	(6,044)
Net Assets Attributable to Shareholders		239,332	149,960

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 2019 and 31 December 2018:

Valuation technique	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	227,596	–	138,648	–
Level 2	3,023	(228)	2,117	(136)
Level 3	–	–	–	–
Total investments at fair value	230,619	(228)	140,765	(136)

2. Net capital gains/(losses)

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

	2019 £'000	2018 £'000
Non-derivative securities	21,029	(17,422)
Forward foreign exchange currency contracts	873	(100)
Currency losses	(123)	(260)
Handling charges	(20)	(15)
Sundry charges	310	–
Net capital gains/(losses)	22,069	(17,797)

3. Revenue

	2019 £'000	2018 £'000
UK dividends	8,062	3,006
Overseas dividends	1,174	870
Property revenue from UK REITs – PID	99	162
Property revenue from UK REITs – Non PID	18	–
Bank interest	9	2
Interest on debt securities	166	73
UK scrip dividends non-taxable	–	3
Total revenue	9,528	4,116

Notes to the Financial Statements

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	1,111	544
Capped OCF rebate	–	(15)
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	34	17
Safekeeping charge	10	14
Other expenses:		
Audit fees	16	16
Other	75	46
Total expenses	1,246	622

5. Taxation

	2019 £'000	2018 £'000
a) Analysis of tax charge in the year:		
Overseas tax	1	19
Total current tax (note 5b)	1	19

b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	8,281	3,493
Corporation tax of 20% (2018: 20%)	1,656	699
Effects of:		
UK dividends	(1,613)	(601)
Non-taxable scrip dividends	–	(1)
Non-taxable property revenue from UK REITS – non PID	(4)	–
Revenue not subject to taxation	(235)	(174)
Movement in excess management expenses	183	75
Overseas tax	1	19
Expenses not deductible for tax purposes	10	2
Non-taxable income taken to capital	3	–
Current tax charge for year (note 5a)	1	19

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 £263,371 (2018: £80,018) 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:

	2019 £'000	2018 £'000
Interim	4,589	1,825
Final	6,015	3,426
Add: Revenue deducted on cancellation of shares	1,004	229
Deduct: Revenue received on creation of shares	(2,495)	(1,730)
Net distributions for the year	9,113	3,750
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	8,280	3,474
Tax relief from capital	(38)	(25)
Income carried forward	–	(1)
Expenses charged to capital	871	302
Net distributions for the year	9,113	3,750

7. Debtors

	2019 £'000	2018 £'000
Amounts receivable for issue of shares	329	8,576
Accrued revenue	910	828
Dilution levy receivable	–	37
Overseas tax recoverable	86	94
Reimbursement for capped expenses	28	28
Total debtors	1,353	9,563

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	14,837	5,676
Total cash and bank balances	14,837	5,676

9. Creditors

	2019 £'000	2018 £'000
Purchases awaiting settlement	1,846	3,472
Amounts payable for cancellation of shares	614	49
Accrued expenses	267	147
Total creditors	2,727	3,668

Notes to the Financial Statements

10. Reconciliation of Shares

Reconciliation of the share movement in the period:

	2019 Opening shares in issue	Issued	Redeemed	2019 Closing shares in issue
Z Distribution – Income Shares	8,965,676	9,514,202	(1,683,840)	16,796,038
Z Distribution – Accumulation Shares	3,462,007	5,144,015	(4,971,538)	3,634,484
Z II Class – Accumulation Shares	–	12,019	–	12,019
Institutional Class – Income Shares	1,355,974	57,727	(314,228)	1,099,473
Institutional Class – Accumulation Shares	2,837,074	122,857	(663,157)	2,296,774

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.

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

At the year end accrued expenses included amounts owing to the ACD of £120,234 (2018: £74,598). 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 five share classes.

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

	%
Z Distribution – Income Shares:	0.55
Z Distribution – Accumulation Shares:	0.55
Z II Class – Accumulation Shares:	0.75
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 109 to 111.

The distribution per share class is given in the Distribution Tables on pages 112 and 113. All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 31 December 2019, the Fund had no capital commitments (2018: £nil) and no contingent liabilities (2018: £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 Fund's and by regularly reviewing and evaluating the Fund 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% (£23,039,063) (2018: £14,076,517).

Notes to the Financial Statements

(b) Foreign currency risk

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

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

	Currency exposure 31 December 2019 £'000	Currency exposure 31 December 2018 £'000
Danish krone	2	2
Euro	288	145
Swiss franc	19	20
US dollar	(33)	(5)
Total	276	162

A 10% increase/decrease in the GBP exchange rate against all other currencies, assuming all other factors remained the same, would have a £25,103 decrease (2018: £14,728) and £30,682 increase (2018: £18,001) respectively on the net assets of the Fund.

(c) Liquidity risk

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

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

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

As at 31 December 2019	< 1 month £'000	1-3 months £'000
Amounts payable on forward contracts	228	–
Amounts payable for shares cancelled	614	–
Purchases awaiting settlement	1,846	–
Accrued expenses	267	–
Distribution payable on income shares	–	4,522
Net assets attributable to shareholders	239,332	–
	242,287	4,522
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

(d) Redemption risk

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

(e) Credit risk

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

At 31 December 2019 the Fund held cash deposits of £14,836,773 (2018: £5,675,749) 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.

Notes to the Financial Statements

(f) Interest rate risk

The Funds may hold cash balances which are subject to a floating rate of interest. At the year end, floating rates were tracked against the Bank of England base rate -0.5% and for any overdrafts the Bank of England base rate + 1%. The amount of the cash balances are set out in note 8 to the financial statements for each Fund.

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

(g) Gains and losses on financial assets

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

(h) Fair value of financial assets and financial liabilities

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

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Equities	138,894	177,259	71,456	43,130
Bonds	738	2,380	–	–
Trades in the year before transaction costs	139,632	179,639	71,456	43,130
Commissions				
Equities	60	51	(31)	(17)
Total commissions	60	51	(31)	(17)
Taxes				
Equities	587	512	–	–
Total taxes	587	512	–	–
Total costs	647	563	(31)	(17)
Total net trades in the year after transaction costs	140,279	180,202	71,425	43,113

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

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Commissions				
Equities	0.04	0.03	(0.04)	(0.04)
Bonds	–	–	–	–
Taxes				
Equities	0.42	0.29	–	–
Bonds	–	–	–	–

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

	2019 %	2018 %
Commissions	0.05	0.07
Taxes	0.31	0.56
Total costs	0.36	0.63

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.95% (2018: 1.08%).

Notes to the Financial Statements

16. Events after the Balance Sheet date

2020 to date has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The Authorised Corporate Director and the Investment Adviser are actively monitoring the situation and will continue to manage the Fund's assets within the investment and risk parameters that have been established. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance. COVID-19 is a non adjusting post balance sheet event. There have been no other significant events affecting the Fund since the year end.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)	2018 (p)	2017 (p)
Z Distribution – Income Shares⁽¹⁾			
Change in net assets per share			
Opening net asset value per share	885.95	1,009.72	1,000.00
Return before operating charges*	146.60	(74.87)	15.19
Operating charges	(5.93)	(6.34)	(1.07)
Return after operating charges*	140.67	(81.21)	14.12
Distributions on income shares	(47.19)	(42.56)	(4.40)
Closing net asset value per share	979.43	885.95	1,009.72
* including direct transaction costs of:	3.35	6.24	4.41
Performance			
Return after charges	15.88%	(8.04%)	1.41%
Other information			
Closing net asset value (£'000)	164,505	79,432	221
Closing number of shares	16,796,038	8,965,676	21,898
Operating charges	0.63%	0.64%	0.64%
Direct transaction costs	0.36%	0.63%	0.46%
Prices			
Highest share price	1,011.10	1,041.41	1,014.12
Lowest share price	880.01	891.22	973.48
	2019 (p)	2018 (p)	2017 (p)
Z Distribution – Accumulation Shares⁽¹⁾			
Change in net assets per share			
Opening net asset value per share	930.48	1,014.71	1,000.00
Return before operating charges*	156.33	(77.48)	15.83
Operating charges	(6.25)	(6.75)	(1.12)
Return after operating charges*	150.08	(84.23)	14.71
Distributions on accumulation shares	(44.38)	(37.26)	(3.96)
Retained distributions on accumulation shares	44.38	37.26	3.96
Closing net asset value per share	1,080.56	930.48	1,014.71
* including direct transaction costs of:	3.59	6.36	4.64
Performance			
Return after charges	16.13%	(8.30%)	1.47%
Other information			
Closing net asset value (£'000)	39,273	32,213	21,221
Closing number of shares	3,634,484	3,462,007	2,091,359
Operating charges	0.63%	0.67%	0.64%
Direct transaction costs	0.36%	0.63%	0.46%
Prices			
Highest share price	1,087.42	1,056.73	1,014.71
Lowest share price	929.47	913.62	973.50

⁽¹⁾ Share class launched 30 October 2017.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)		
Z II Class – Accumulation Shares⁽²⁾			
Change in net assets per share			
Opening net asset value per share	1,000.00		
Return before operating charges*	89.53		
Operating charges	(1.64)		
Return after operating charges*	87.89		
Distributions on accumulation shares	(43.98)		
Retained distributions on accumulation shares	43.98		
Closing net asset value per share	1,087.89		
* including direct transaction costs of:	3.50		
Performance			
Return after charges	8.79%		
Other information			
Closing net asset value (£'000)	131		
Closing number of shares	12,019		
Operating charges	0.17%		
Direct transaction costs	0.36%		
Prices			
Highest share price	1,094.70		
Lowest share price	951.15		
	2019 (p)	2018 (p)	2017 (p)
Institutional Class – Income Shares⁽¹⁾			
Change in net assets per share			
Opening net asset value per share	883.42	1,009.82	1,000.00
Return before operating charges*	145.97	(75.20)	15.88
Operating charges	(7.75)	(8.31)	(1.54)
Return after operating charges*	138.22	(83.51)	14.34
Distributions on income shares	(47.00)	(42.89)	(4.52)
Closing net asset value per share	974.64	883.42	1,009.82
* including direct transaction costs of:	3.34	6.24	4.85
Performance			
Return after charges	15.65%	(8.27%)	1.43%
Other information			
Closing net asset value (£'000)	10,716	11,979	10
Closing number of shares	1,099,473	1,355,974	1,000
Operating charges	0.83%	0.84%	0.84%
Direct transaction costs	0.36%	0.63%	0.46%
Prices			
Highest share price	1,005.70	1,040.03	1,014.34
Lowest share price	875.93	888.70	973.83

⁽¹⁾ Share class launched on 30 October 2017.

⁽²⁾ Share class launched on 5 March 2019.

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (p)	2018 (p)	2017 (p)
Institutional Class – Accumulation Shares⁽¹⁾			
Change in net assets per share			
Opening net asset value per share	928.27	1,014.34	1,000.00
Return before operating charges*	155.70	(77.54)	15.81
Operating charges	(8.24)	(8.53)	(1.47)
Return after operating charges*	147.46	(86.07)	14.34
Distributions on accumulation shares	(42.14)	(35.20)	(3.60)
Retained distributions on accumulation shares	42.14	35.20	3.60
Closing net asset value per share	1,075.73	928.27	1,014.34
* including direct transaction costs of:	3.56	6.41	4.64
Performance			
Return after charges	15.89%	(8.49%)	1.43%
Other information			
Closing net asset value (£'000)	24,707	26,336	10
Closing number of shares	2,296,774	2,837,074	1,000
Operating charges	0.83%	0.84%	0.84%
Direct transaction costs	0.36%	0.63%	0.46%
Prices			
Highest share price	1,082.58	1,055.07	1,014.34
Lowest share price	927.25	911.47	973.83

⁽¹⁾ Share class launched 30 October 2017.

Distribution Tables

Distribution in pence per share

Group 1 Interim Shares purchased prior to 1 January 2019

Group 2 Interim Shares purchased on or between 1 January 2019 and 30 June 2019

Group 1 Final Shares purchased prior to 1 July 2019

Group 2 Final Shares purchased on or between 1 July 2019 and 31 December 2019

Z Distribution – Income Shares

	Net revenue	Equalisation	Distributions paid/payable 2019/2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Interim	21.8900	–	21.8900	20.8500
Final	25.3000	–	25.3000	21.7100
Group 2	(p)	(p)	(p)	(p)
Interim	2.1500	19.7400	21.8900	20.8500
Final	9.9400	15.3600	25.3000	21.7100

Z Distribution – Accumulation Shares

	Net revenue	Equalisation	Distributions paid/payable 2019/2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Interim	18.8400	–	18.8400	17.9400
Final	25.5400	–	25.5400	19.3200
Group 2	(p)	(p)	(p)	(p)
Interim	–	18.8400	18.8400	17.9400
Final	8.5100	17.0300	25.5400	19.3200

Z II Class – Accumulation Shares⁽¹⁾

	Net revenue	Equalisation	Distributions paid/payable 2019/2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	43.9800	–	43.9800	–
Group 2	(p)	(p)	(p)	(p)
Final	43.9800	–	43.9800	–

Institutional Class – Income Shares

	Net revenue	Equalisation	Distributions paid/payable 2019/2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Interim	22.3000	–	22.3000	21.2400
Final	24.7000	–	24.7000	21.6500
Group 2	(p)	(p)	(p)	(p)
Interim	10.9800	11.3200	22.3000	21.2400
Final	6.8400	17.8600	24.7000	21.6500

(1) Share class launched on 5 March 2019.

Distribution Tables

Institutional Class – Accumulation Shares

	Net revenue	Equalisation	Distributions paid/payable 2019/2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Interim	17.8000	–	17.8000	16.9500
Final	24.3400	–	24.3400	18.2500
Group 2	(p)	(p)	(p)	(p)
Interim	8.4300	9.3700	17.8000	16.9500
Final	7.6800	16.6600	24.3400	18.2500

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.

GAM Global Eclectic Equity Fund

Manager: Andrew Green

Commentary (unaudited)

The Fund's NAV rose 22.5% (as measured by the GBP Institutional class) during 2019 versus a rise of 23.4% from its benchmark, the MSCI World Index in GBP.

With US technology stocks reaching new highs, a contrarian will have to search out areas of undervaluation that are less popular and sometimes counterintuitive. Such has been the precious metals market, gold obviously but also platinum which fell to relative lows during early 2019.

The biggest contributor was Sibanye which owns both gold and platinum mines and completed acquisitions of Stillwater Platinum and Lonmin just before the demand for Platinum group metals accelerated on the demand from new technologies.

In addition, Goldfields, Impala Platinum and Newmont Mining all made major contributions.

Other contributors were an eclectic mix of stocks, such as Capita on recovery hopes, Coty on a major buyback and Leonardo on growing margins in the helicopter division.

The negatives included Pearson which we traded successfully three times but held at the time of the last profit warning. The company is now a bid prospect but possibly from lower levels than this. Resona Holdings in Japan and Commerzbank are suffering from reduced margins as loan rates fall further. Despite job cuts and mergers, such medium sized banks remain under the cosh.

However any hint of an uptick in inflation, which is presently ridiculed, remains a clear possibility with all central banks now engaged in further easing. Should this occur, Bank shares would outperform substantially while the market as a whole would come under pressure, though this could also occur from the fears relating to the spread of coronavirus.

The overweight of Japan reflects the relative cheapness of multiples compared with the US but performance would be dependent on a pickup in economic growth which at present is far from certain.

The top holdings contributing to performance during 2019 were Sibanye Gold, National Bank of Greece and Gold Fields. The bottom holdings were Thyssenkrupp, Resona Holdings and Pearson.

Portfolio Analysis (unaudited)

Analysis, by geographical area	31 December 2019 %	31 December 2018 %
Japan	27.04	17.55
United Kingdom	16.18	15.04
United States	12.13	10.92
Italy	8.99	8.65
Germany	7.55	3.61
France	5.99	2.99
South Africa	2.70	8.29
Greece	2.49	0.81
Switzerland	2.43	1.49
Spain	1.03	1.46
Ireland	0.57	0.38
Chile	–	0.63
Net other assets	12.90	28.18
Total net assets	100.00	100.00

Analysis, by industry sector	31 December 2019 %	31 December 2018 %
Financials	34.10	32.10
Industrials	14.91	5.95
Basic Materials	11.83	12.27
Telecommunications	5.40	5.10
Consumer Services	5.40	3.16
Utilities	5.26	1.95
Oil & Gas	4.30	5.65
Consumer Goods	3.60	1.57
Technology	2.30	4.07
Net other assets	12.90	28.18
Total net assets	100.00	100.00

Analysis, by investment	31 December 2019 %	31 December 2018 %
Equity Quoted	87.10	71.82
Net other assets	12.90	28.18
Total net assets	100.00	100.00

Risk and Reward Profile (unaudited)



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

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

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

- **Currency Risk:** the value of investments in assets that are denominated in currencies other than the base currency will be affected by changes in the relevant exchange rates which may cause a decline.
- **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.
- **Capital at Risk:** all financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.
- **Currency Risk – Non Base Currency Share Class:** non-base currency share classes may or may not be hedged to the base currency of the Fund. Changes in exchange rates will have an impact on the value of shares in the Fund which are not denominated in the base currency. Where hedging strategies are employed, they may not be fully effective.
- **Investment Positions:** positions may increase in size relative to the size of the Fund. The risk is monitored by regularly adapting positions.
- **Equity:** investments in equities (directly or indirectly via derivatives) may be subject to significant fluctuations in value.

The "Investment Objectives and Policy" section of the Prospectus for this Fund give you more details about all the risks for the Fund – see under "Practical Information" for how to obtain a copy.

GAM Global Eclectic Equity Fund

Portfolio Statement

as at 31 December 2019

Holdings	Description	Market Value £'000	% of Net Assets
Japan 27.04% (December 2018: 17.55%)			
1,812,300	Mitsubishi UFJ Financial	7,468	4.22
223,900	Sumitomo Mitsui Financial	6,280	3.55
1,468,600	Resona	4,886	2.76
375,500	Nippon Steel	4,314	2.43
57,100	Fujitsu	4,073	2.30
1,001,200	Nomura	3,918	2.21
296,400	Sharp	3,469	1.96
263,000	LIXIL	3,451	1.95
210,900	Mitsubishi Estate	3,061	1.73
223,900	Credit Saison	2,957	1.67
523,400	Mitsubishi Motors	1,665	0.94
273,500	Nippon Sheet Glass	1,322	0.75
48,500	Mitsui OSK Lines	1,019	0.57
		47,883	27.04
United Kingdom 16.18% (December 2018: 15.04%)			
3,518,276	Royal Bank of Scotland	8,454	4.77
828,596	RSA Insurance	4,687	2.65
2,107,438	Capita	3,458	1.95
1,585,642	Marks & Spencer	3,385	1.91
657,294	BP	3,100	1.75
3,301,487	Centrica	2,948	1.67
410,920	Pearson	2,618	1.48
1,973,381	Fastjet Warrants Expiry date 31/07/2021	–	–
		28,650	16.18
United States 12.13% (December 2018: 10.92%)			
302,173	Newmont	9,911	5.60
581,991	General Electric	4,903	2.77
145,671	Kraft Heinz	3,533	2.00
120,009	Alcoa	1,948	1.10
99,970	Goodyear Tire & Rubber	1,174	0.66
		21,469	12.13
Italy 8.99% (December 2018: 8.65%)			
15,111,185	Telecom Italia	7,124	4.02
1,221,050	Saipem	4,507	2.55
484,147	Leonardo	4,287	2.42
		15,918	8.99
Germany 7.55% (December 2018: 3.61%)			
1,521,350	Commerzbank	7,112	4.02
441,826	thyssenkrupp	4,507	2.54
217,481	E.ON	1,755	0.99
		13,374	7.55

Portfolio Statement

as at 31 December 2019

Holdings	Description	Market Value £'000	% of Net Assets
	France 5.99% (December 2018: 2.99%)		
378,143	Engie	4,614	2.60
280,603	Carrefour	3,555	2.01
219,513	Orange	2,440	1.38
		10,609	5.99
	South Africa 2.70% (December 2018: 8.29%)		
2,470,382	Sibanye Gold	4,786	2.70
		4,786	2.70
	Greece 2.49% (December 2018: 0.81%)		
1,721,134	National Bank of Greece	4,404	2.49
		4,404	2.49
	Switzerland 2.43% (December 2018: 1.49%)		
420,264	Credit Suisse	4,293	2.43
		4,293	2.43
	Spain 1.03% (December 2018: 1.46%)		
2,069,994	Banco de Sabadell	1,824	1.03
		1,824	1.03
	Ireland 0.57% (December 2018: 0.38%)		
379,382	AIB	999	0.57
		999	0.57
	Total Investments	154,209	87.10
	Net other assets	22,840	12.90
	Total net assets	177,049	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 period ended 31 December 2019

Major Purchases	Cost £'000	Total Sales	Proceeds £'000
thyssenkrupp	6,904	Apache	10,068
J Sainsbury	5,684	Gold Fields	9,415
E.ON	5,106	Impala Platinum	8,863
Marks & Spencer	5,071	Land Securities	8,114
Pearson	4,986	AngloGold Ashanti	6,197
Kraft Heinz	4,966	Sibanye Gold	5,857
Nomura	4,698	J Sainsbury	5,539
Goldcorp	4,396	International Business Machines	5,082
Apache	4,002	Citigroup	4,608
Alcoa	3,734	Coty	4,453
Orange	3,713	Banco de Sabadell	4,180
Carrefour	3,658	Standard Chartered	4,148
Centrica	3,594	Capita	3,979
Fresnillo	3,369	E.ON	3,420
LIXIL	3,259	BT	3,360
Land Securities	3,171	Marks & Spencer	3,343
Banco de Sabadell	3,170	Vodafone	3,300
BP	3,082	Saipem	3,141
Sharp	2,850	Fresnillo	3,105
Sibanye Gold	2,819	Aegon	2,790
Total purchases for the year	121,763	Total sales for the year	159,443

Statement of Total Return

for the year ended 31 December 2019

	Notes	2019 £'000	2018** £'000
Income			
Net capital gains/(losses)	2	38,087	(20,372)
Revenue	3	4,974	5,181
Expenses	4	(1,269)	(1,334)
Interest payable and similar charges		(21)	(14)
Net revenue before taxation		3,684	3,833
Taxation	5	(219)	(408)
Net revenue after taxation		3,465	3,425
Total return before distribution		41,552	(16,947)
Distribution	6	(3,465)	(3,425)
Change in net assets attributable to shareholders from investment activities		38,087	(20,372)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2019

	2019 £'000	2018** £'000
Opening net assets attributable to shareholders	213,650	–
In-specie transfer*	–	260,658
Amounts receivable on creation of shares	8,466	8,600
Less: Amounts payable on cancellation of shares	(85,566)	(38,055)
	(77,100)	231,203
Change in net assets attributable to shareholders from investment activities	38,087	(20,372)
Retained distribution on accumulation shares	2,412	2,819
Closing net assets attributable to shareholders	177,049	213,650

* Amounts received from GAM Global Diversified.

** Comparative period 28 February 2018 to 31 December 2018.

GAM Global Eclectic Equity Fund

Balance Sheet

as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets:			
Fixed Assets:			
Investments		154,209	153,437
Current assets:			
Debtors	7	299	444
Cash and bank balances	8	23,062	63,693
Total assets		177,570	217,574
Liabilities:			
Creditors:			
Distribution payable		(411)	(390)
Other creditors	9	(110)	(3,534)
Total other liabilities		(521)	(3,924)
Net Assets Attributable to Shareholders		177,049	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 assets and liabilities measured at fair value at 31 December 2019 and 31 December 2018:

Valuation technique	2019		2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	154,209	–	153,437	–
Level 2	–	–	–	–
Level 3	–	–	–	–
Total investments at fair value	154,209	–	153,437	–

2. Net capital gains/(losses)

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

	2019 £'000	2018 £'000
Non-derivative securities	37,616	(21,044)
Forward foreign exchange currency contracts	(74)	(41)
Currency gains	549	714
Handling charges	(4)	(1)
Net capital gains/(losses)	38,087	(20,372)

3. Revenue

	2019 £'000	2018 £'000
UK dividends	1,272	765
Overseas dividends	2,844	3,590
Property revenue from UK REITs – PID	59	–
Bank interest	443	185
Overseas scrip dividends non-taxable	35	216
UK scrip dividends non-taxable	263	385
UK PID scrip dividends	58	40
Total revenue	4,974	5,181

Notes to the Financial Statements

4. Expenses

	2019 £'000	2018 £'000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	1,236	1,295
Capped OCF rebate	(15)	(7)
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fees	36	37
Safekeeping charge	12	9
Total expenses	1,269	1,334

5. Taxation

	2019 £'000	2018 £'000
a) Analysis of tax charge in the year:		
Overseas tax	219	408
Total current tax (note 5b)	219	408

b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	3,684	3,834
Corporation tax of 20% (2018: 20%)	737	767

Effects of:

UK dividends	(254)	(153)
Non-taxable scrip dividends	(60)	(120)
Overseas non-taxable revenue	(570)	(717)
Movement in excess management expenses	147	223
Overseas tax	219	408
Current tax charge for the year (note 5a)	219	408

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 income taxable on receipt, there is a potential deferred tax asset of £370,203 (2018: £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:

	2019 £'000	2018 £'000
Final	2,823	3,209
Add: Revenue deducted on cancellation of shares	721	292
Deduct: Revenue received on creation of shares	(79)	(76)
Net distribution for the year	3,465	3,425

7. Debtors

	2019 £'000	2018 £'000
Amounts receivable for issue of shares	143	73
Accrued revenue	66	197
Overseas tax recoverable	68	167
Reimbursement for capped expenses	22	7
Total debtors	299	444

8. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	15,428	27,555
Short term deposits	7,634	36,138
Total cash and bank balances	23,062	63,693

9. Creditors

	2019 £'000	2018 £'000
Purchases awaiting settlement	–	3,411
Amounts payable for cancellation of shares	6	–
Accrued expenses	104	123
Total creditors	110	3,534

10. Reconciliation of Shares

Reconciliation of the share movement in the year:

	2019 Opening shares in issue	Issued	Redeemed	2019 Closing shares in issue
Institutional Class USD – Income Shares	3,918,864	–	(694,735)	3,224,129
Institutional Class – Accumulation Shares	20,308,705	814,000	(7,752,588)	13,370,117

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.

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

At the year end accrued expenses included amounts owing to the ACD of £98,385 (2018: £116,873). 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 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 127.

The distribution per share class is given in the Distribution Tables on page 128.

All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 31 December 2019, the Fund had no capital commitments (2018: £nil) and no contingent liabilities (2018: £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 Fund and by regularly reviewing and evaluating the Fund's 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 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 2019 £'000	Currency exposure 2018 £'000
Euro	47,196	38,391
Japanese yen	47,883	37,497
South African rand	4,786	17,725
Swiss franc	4,293	1,062
US dollar	36,498	47,373
Total	140,656	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 £12,786,903 (2018: £12,913,396*) decrease and £15,628,438 (2018: £15,783,039*) increase respectively on the net assets of the Fund.

* Restated.

Notes to the Financial Statements

(c) Liquidity risk

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

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

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

As at 31 December 2019	< 1 month £'000	1-3 months £'000
Amounts payable for shares cancelled	6	–
Accrued expenses	104	–
Distribution payable on income shares	–	411
Net assets attributable to shareholders	177,049	–
	177,159	411
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 redemption risk for the Fund is the redemption of any shares that investors wish to sell. Large redemptions of shares might result in the Fund being forced to sell assets at a time, under circumstances and at a price where it would, instead, normally prefer not to dispose of those assets.

(e) Credit risk

The Fund is exposed to credit risk on counterparties with whom it trades and may bear the risk of settlement default. Counterparty risk is limited in that most securities on the 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.

At 31 December 2019 the Fund held cash deposits of £15,427,732 (2018: £27,554,897) with J.P. Morgan Europe Limited, £7,634,267 (2018: £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 Funds may hold cash balances which are subject to a floating rate of interest. At the year end, floating rates were tracked against the Bank of England base rate -0.5% and for any overdrafts the Bank of England base rate +1%. The amount of the cash balances are set out in note 8 to the financial statements for each Fund.

The majority of the assets of the 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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Equities	121,502	348,993	159,506	172,353
Trades in the year/period before transaction costs	121,502	348,993	159,506	172,353
Commissions				
Equities	44	60	(63)	(59)
Total commissions	44	60	(63)	(59)
Taxes				
Equities	217	310	(1)	(1)
Total taxes	217	310	(1)	(1)
Total costs	261	370	(64)	(60)
Total net trades in the year/period after transaction costs	121,763	349,363	159,442	172,293

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

	Purchases		Sales	
	2019 %	2018 %	2019 %	2018 %
Commissions				
Equities	0.04	0.02	(0.04)	(0.03)
Taxes				
Equities	0.18	0.09	(0.00)	(0.00)

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

	2019 %	2018 %
Commissions	0.05	0.05
Taxes	0.12	0.12
Total costs	0.17	0.17

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.14% (2018: 0.25%).

16. Events after the Balance Sheet date

2020 to date has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The Authorised Corporate Director and the Investment Adviser are actively monitoring the situation and will continue to manage the Fund's assets within the investment and risk parameters that have been established. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Fund's performance. COVID-19 is a non adjusting post balance sheet event.

Andrew Green, the Manager of the Fund proposed to retire from the Fund with effect from 31 March 2020 and an application to the FCA has been made and that the commencement of any liquidation is subject to FCA approval.

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

Net Asset Value and Comparative Tables

Net Asset Value and Ongoing Charges Figure

	2019 (c)	2018 (c)
Institutional USD Income Shares⁽¹⁾		
Change in net assets per share		
Opening net asset value per share	833.32	1,000.00
Return before operating charges*	234.58	(147.76)
Operating charges	(6.13)	(6.24)
Return after operating charges*	228.45	(154.00)
Distributions on income shares	(16.88)	(12.68)
Closing net asset value per share	1,044.89	833.32
* including direct transaction costs of:	1.62	2.08
Performance		
Return after charges	27.41%	(15.40%)
Other information		
Closing net asset value (\$'000)	33,689	32,657
Closing number of shares	3,224,129	3,918,864
Operating charges	0.65%	0.65%
Direct transaction costs	0.17%	0.22%
Prices		
Highest share price	1,066.26	1,011.35
Lowest share price	834.46	831.89
	2019 (p)	2018 (p)
Institutional GBP Accumulation Shares⁽¹⁾		
Change in net assets per share		
Opening net asset value per share	925.75	1,000.00
Return before operating charges*	215.02	(68.77)
Operating charges	(6.76)	(5.48)
Return after operating charges*	208.26	(74.25)
Distributions on accumulation shares	(18.04)	(13.87)
Retained distributions on accumulation shares	18.04	13.87
Closing net asset value per share	1,134.01	925.75
* including direct transaction costs of:	1.73	1.70
Performance		
Return after charges	22.50%	(7.43%)
Other information		
Closing net asset value (£'000)	151,619	188,008
Closing number of shares	13,370,117	20,308,705
Operating charges	0.65%	0.65%
Direct transaction costs	0.17%	0.17%
Prices		
Highest share price	1,151.22	1,040.15
Lowest share price	936.89	917.63

⁽¹⁾ Share class launched on 28 February 2018.

Distribution Tables

Distribution in pence and cents per share

Group 1 Final Shares purchased prior to 1 January 2019

Group 2 Final Shares purchased on or between 1 January 2019 and 31 December 2019

Institutional USD Income Shares⁽¹⁾

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(c)	(c)	(c)	(c)
Final	16.8800	–	16.8800	12.6800
Group 2	(c)	(c)	(c)	(c)
Final	16.8800	–	16.8800	12.6800

Institutional GBP Accumulation Shares⁽¹⁾

	Net revenue	Equalisation	Distribution payable 2020	Distribution paid 2019
Group 1	(p)	(p)	(p)	(p)
Final	18.0400	–	18.0400	13.8800
Group 2	(p)	(p)	(p)	(p)
Final	8.3600	9.6800	18.0400	13.8800

⁽¹⁾ Share class launched on 28 February 2018.

Equalisation

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

Statement of the Authorised Corporate Director's Responsibilities

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

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

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

Statement of Depositary's Responsibilities in respect of the Company

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

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

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

The Depositary must ensure that:

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

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

Report of the Depositary

To the shareholders of GAM Funds

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

State Street Trustees Limited

27 April 2020

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 2019 and of the net revenue / expenses and the net capital gains/(losses) on the scheme property of the Company and each of the Funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

GAM Funds (the "Company") is an Open Ended Investment Company ("OEIC") with 8 Funds (7 active and 1 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 sheet as at 31 December 2019; the statement of total return and the statement of change in net assets attributable to shareholders for the year then ended; the distribution tables; the summary of significant accounting policies applicable to all Funds; and the notes to the financial statements.

Basis for opinion

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

Independence

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

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 the Authorised Corporate Director's Responsibilities set out on page 129, 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

27 April 2020

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 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.

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

Minimum initial investment

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. There is no minimum initial investment amount in respect of the class G shares of GAM UK Equity Income.

Distributions

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

Accumulation and Income Shares

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

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

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

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

Subscription Days

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

Application for Shares

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

Repurchase of Shares

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

Dilution Levy

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

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

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

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 Fund	Up to 1.50%	Up to 1.05%	Up to 1.50%
GAM Global Diversified	Up to 1.50%	Up to 1.05%	Up to 1.50%
GAM North American Growth	Up to 1.50%	Up to 0.90%	Up to 1.50%
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 (2018/2019: £2,000) tax free dividend allowance. Dividends above this level are taxed at 7.5% (basic rate), 32.5% (higher rate) and 38.1% (additional rate).

Any gains arising to individual shareholders who are resident or ordinarily resident (for tax purposes) in the UK on disposal of their shares are, depending on their personal circumstances, subject to capital gains tax at 18% and 28% (the tax rate used depends on the total amount of taxable income). For 2019/2020 the first £12,000 (2018/2019: £11,700) 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 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

A new prospectus was issued on 7 August 2019.

Matthew Beesley, Daniel Caplan and Tom Dowd resigned as directors of the Authorised Corporate Director during 2019.

Simon Ellis and Sybille Hofmann were appointed as independent non-executive directors and Andrew Pratt as a director of the Authorised Corporate Director during 2019.

Events after year end

Andrew Green, the Manager of the Fund proposed to retire from the Fund with effect from 31 March 2020 and an application to the FCA has been made and that the commencement of any liquidation is subject to FCA approval.

Kaspar Boehni & Timothy Rainsford have been appointed on 1 March 2020 as Directors of GAM Sterling Management Limited, the Authorised Corporate Director of the Company.

2020 to date has seen a sharp increase in the volatility of global financial markets due to the COVID-19 pandemic. The Authorised Corporate Director, the Investment Adviser and the Delegate Investment Adviser are actively monitoring the situation and will continue to manage the Company's assets within the investment and risk parameters that have been established. It should be noted that COVID-19 has, and may continue to have, an adverse effect on the global economy and the economies of certain nations, which may negatively impact the Company's performance.

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

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 Investment 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 Investment 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.

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 Fund	Up to 1.50%	Up to 1.05%	Up to 1.50%
GAM Global Diversified	Up to 1.50%	Up to 1.05%	Up to 1.50%
GAM North American Growth	Up to 1.50%	Up to 0.90%	Up to 1.50%
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 Fund in accordance with the combined limits set out in the prospectus.

7. Trailer Fees and Reimbursements

The ACD and its agents may pay retrocessions as remuneration for distribution activity in respect of 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") of GAM Holding AG. The Board is supported in compensation related issues by the Compensation Committee ("CompC").

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

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

Link between pay and performance.

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

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

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

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

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

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

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

Identified Staff identification

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

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

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

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

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

Quantitative disclosures

The remuneration data provided below reflects amounts paid in respect of the performance year 2019 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 £701 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 2019, 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	GBP6,115,006
---	---------------------

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

Client Services
GAM Fund Management Limited
George's Court
54 – 62 Townsend Street
Dublin 2, Ireland
Freephone: 0800 919 927 (UK only)
Tel: +353 (0) 1 609 3927
Fax: +353 (0) 1 611 7941
E-mail: info@gam.com

Dealing

GAM Fund Management Limited
George's Court
54 – 62 Townsend Street
Dublin 2, Ireland
Freephone: 0800 919 928 (UK only)
Tel: +353 (0) 1 609 3974
Fax: +353 (0) 1 829 0778
E-mail: Dealing-Dub@gam.com

GAM on the internet: www.gam.com

