

# GAM Funds

**Annual Report**  
December 2013

This document is not an invitation to subscribe for shares in the Company described herein and is by way of information only.

**GAM**

## Board of the Authorised Corporate Director

### **Richard Cull**

Head of Legal (UK)  
GAM Sterling Management Limited

### **Andrew Hanges**

Region Head (UK)  
GAM Sterling Management Limited

### **Tomas Hazleton**

Head of Risk (UK)  
GAM Sterling Management Limited  
(Resigned 5 July 2013)

### **Clementa Monedero**

Finance Director  
GAM Sterling Management Limited

### **Darren Nicholls**

Head of Risk (UK)  
GAM Sterling Management Limited  
(Appointed 12 November 2013)

### **Craig Wallis**

Group Head of Distribution and Marketing  
GAM Sterling Management Limited

## **Authorised Corporate Director**

GAM Sterling Management Limited  
(authorised and regulated by the Financial Conduct Authority)  
12 St. James's Place, London SW1A 1NX, United Kingdom

## **Depository**

J.P. Morgan Trustee and Depository Company Limited  
(authorised and regulated by the Financial Conduct Authority)  
25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom

## **Investment Adviser**

GAM International Management Limited  
(authorised and regulated by the Financial Conduct Authority)  
12 St. James's Place, London SW1A 1NX, United Kingdom

## **Independent Auditors**

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

## **Registrar**

GAM Sterling Management Limited  
(authorised and regulated by the Financial Conduct Authority)  
12 St. James's Place, London SW1A 1NX, United Kingdom

## **Administrator**

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

## Table of Contents

Authorised Corporate Director's Report	3
Investment Objectives and Policy	3
Aggregated Statement of Total Return	4
Aggregated Statement of Change in Net Assets Attributable to Shareholders	4
Aggregated Balance Sheet	5
Notes to the Aggregated Financial Statements	6
GAM Global Diversified	13
GAM North American Growth	25
GAM UK Diversified	37
GAM European Systematic Value & Income	49
Distribution Table	55
Statement of the Authorised Corporate Director's Responsibilities	57
Statement of the Depositary's Responsibilities	57
Report of the Depositary	58
Independent Auditor's Report to the Members of GAM Funds	58
General Information	60
Contacts	62

## Authorised Corporate Director's Report

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

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 parent company is GAM Holding AG.

Prices are published daily in the Financial Times.

In accordance with the Statement of Recommended Practice for Financial Statements of Authorised funds issued by the Investment Management Association, 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 2013.

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

GAM Sterling Management Limited

29 April 2014

## Investment Objectives and Policy

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

### GAM Global Diversified

The objective of the Fund is to provide capital appreciation, primarily through investment in quoted securities on a worldwide basis.

### GAM North American Growth

The objective of the Fund is to provide capital appreciation, primarily through investment in quoted securities in the USA and Canada.

### GAM UK Diversified

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

### GAM European Systematic Value & Income

(Ceased trading on 28 September 2009)

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

### General

Each of GAM Global Diversified and GAM North American Growth 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 and debt rights.

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 a 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.

## Aggregated Statement of Total Return for the year ended

	Notes	31 December 2013		31 December 2012	
		£	£	£	£
<b>Income</b>					
Net gains on investments during the year	3		177,401,828		98,854,490
Other losses	4		(3,436,872)		(6,167,369)
Income	5	13,824,525		13,902,321	
Expenses	6	(10,417,814)		(8,454,735)	
Finance costs: Interest	8	–		(332)	
Net income before taxation		3,406,711		5,447,254	
Taxation	7	(858,084)		(829,944)	
Net income after taxation			2,548,627		4,617,310
<b>Total return before distributions</b>			176,513,583		97,304,431
Finance costs: Distribution	8		(3,304,471)		(5,206,704)
<b>Change in net assets attributable to shareholders from investment activities</b>			173,209,112		92,097,727

## Aggregated Statement of Change in Net Assets Attributable to Shareholders

for the year ended	31 December 2013		31 December 2012	
	£	£	£	£
<b>Net assets attributable to shareholders at the start of the year</b>		538,902,519		601,861,599
Movement due to issue/(cancellation) of shares				
Amounts receivable on issue of shares	534,544,139		149,409,560	
Less: Amounts payable on cancellation of shares	(315,699,005)		(307,617,218)	
		218,845,134		(158,207,658)
Dilution levy		–		(51,976)
Stamp duty reserve tax		(117,946)		(85,959)
Change in net assets attributable to shareholders from investment activities (see above)		173,209,112		92,097,727
Retained distribution on accumulation units		3,350,207		3,288,786
<b>Net assets attributable at the end of the year</b>		934,189,026		538,902,519

## Aggregated Balance Sheet

as at

	Notes	31 December 2013 £	31 December 2012 £
<b>Assets</b>			
Portfolio of investments	2(b)	777,513,141	467,217,169
Debtors	9	3,000,674	2,227,262
Amounts receivable on forward currency contracts	15(e)	1,921,999	3,847,601
Cash and bank balances	10	157,388,101	74,802,596
Total other assets		162,310,774	80,877,459
<b>Total assets</b>		<b>939,823,915</b>	<b>548,094,628</b>
<b>Liabilities:</b>			
Creditors	11	4,166,934	7,907,961
Amounts payable on forward currency contracts	15(e)	–	158,369
Distribution payable on income shares		1,467,955	1,125,779
Total other liabilities		5,634,889	9,192,109
<b>Total liabilities</b>		<b>5,634,889</b>	<b>9,192,109</b>
<b>Net assets attributable to shareholders</b>		<b>934,189,026</b>	<b>538,902,519</b>

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

Richard Cull

Clementa Monedero

GAM Sterling Management Limited  
29 April 2014

## Notes to the Aggregated Financial Statements

### 1. GAM Funds

As at 31 December 2013 GAM Funds consists of the following funds:

GAM Global Diversified  
 GAM North American Growth  
 GAM UK Diversified  
 GAM European Systematic Value & Income  
 (ceased trading on 28 September 2009)

### 2. Accounting policies

(a) The financial statements, which comprise the Statement of Total Return, Statement of Change in Net Assets attributable to Shareholders, Balance Sheet, Portfolio Statements, notes to the financial statements thereon, for both the aggregated Company and the individual Funds have been prepared under the historical cost basis, as modified by the revaluation of investments, except for GAM European Systematic Value & Income which has been prepared on a non-going concern basis, and in accordance with United Kingdom generally accepted accounting principles, the Statement of Recommended Practice for Authorised Funds issued by the IMA in October 2010, 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 (UK time) on 31 December 2013. 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 in note 7 and net of attributable tax credits.

(d) Amounts in overseas currencies are translated at the exchange rate ruling at the end of the accounting period. 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 2013	31 December 2012
Australian dollar	1.8564	1.5647
Canadian dollar	1.7576	1.6136
Euro	1.2040	1.2321
Japanese yen	174.2383	141.0117
New Zealand dollar	2.0125	1.9657
Norwegian krone	10.0361	9.0767
South African rand	17.2782	13.7610
Thai baht	54.1185	49.7602
US dollar	1.6550	1.6262

(e) Management expenses are charged against income and used in determining any distribution. All net income will be distributed after expenses at year end.

(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) 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 (which, if it is material, disadvantages continuing shareholders) 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. The ACD will normally charge a dilution levy of 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.

(i) 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.

(j) Underwriting commissions is accounted for when the issue underwritten takes place.

(k) The rate of corporation tax for the year ended 31 December 2013 was 20% (2012: 20%).

3. Net capital gains on investments	31 December 2013 £	31 December 2012 £
The net capital gains on investments during the year comprise:		
Non-derivative securities	164,562,889	91,980,088
Derivative securities	12,838,939	6,874,402
Net gains on investments	177,401,828	98,854,490

## Notes to the Aggregated Financial Statements

### 4. Other losses

	31 December 2013 £	31 December 2012 £
--	--------------------------	--------------------------

Other losses comprise:		
Realised currency losses	(3,436,872)	(6,167,369)
	(3,436,872)	(6,167,369)

### 5. Income

	31 December 2013 £	31 December 2012 £
--	--------------------------	--------------------------

UK dividends	6,063,680	7,174,174
Overseas dividends	7,747,234	6,667,773
Bank interest	13,611	8,977
Bond interest	–	49,262
Sundry income	–	2,135
	13,824,525	13,902,321

### 6. Expenses

	31 December 2013 £	31 December 2012 £
--	--------------------------	--------------------------

<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	9,786,426	7,918,619
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	121,540	88,376
Safekeeping charge	35,385	28,715
<b>Other expenses</b>		
Audit fees	35,549	33,724
Registration fees	25,044	41,941
FCA	1,260	1,260
Other	412,610	342,100
Total expenses	10,417,814	8,454,735

### 7. Taxation

	31 December 2013 £	31 December 2012 £
--	--------------------------	--------------------------

<b>a) Analysis of tax charge in the year</b>		
UK Tax	–	4,322
Overseas tax	869,339	826,062
Income tax recovered	–	(440)
Overseas withholding tax on dividends received	(11,255)	–
Total	858,084	829,944

### b) Factors affecting tax charge for the year

Net income before taxation	3,406,711	5,447,254
Net income at the applicable rate of UK corporation tax of 20% (2012: 20%)	681,342	1,089,451

Effects of:		
Overseas tax (net of UK relief)	858,084	830,384
Income tax recovered	–	(440)
Non-taxable UK dividends-	(1,213,414)	(1,434,834)
Non taxable overseas dividends	(1,534,291)	(1,333,556)
Movement in excess tax losses	2,066,363	1,678,939
Tax charge for the year	858,084	829,944

### c) Factors that may affect future tax charges

At 31 December 2013, the sub-funds has estimated unrecognised excess tax losses of £86,561,221 (31 December 2012: £76,157,017).

### 8. Finance costs

	31 December 2013 £	31 December 2012 £
--	--------------------------	--------------------------

The distribution takes account of income received on the issue of shares and income deducted on cancellation of shares, and comprises:		
Final	4,818,162	4,460,565
Add: Income deducted on cancellation of units	726,222	1,363,194
Deduct: Income received on issue of units	(2,239,913)	(617,055)
Net distribution for the year	3,304,471	5,206,704
Interest	–	332
Total finance costs	3,304,471	5,207,036

### 9. Debtors

	31 December 2013 £	31 December 2012 £
--	--------------------------	--------------------------

Amounts receivable for shares issued	1,985,815	715,137
Sales awaiting settlement	–	734,090
Accrued income	1,014,859	778,035
	3,000,674	2,227,262

### 10. Cash and bank balances

	31 December 2013 £	31 December 2012 £
--	--------------------------	--------------------------

Cash and bank balances	157,388,101	74,802,596
	157,388,101	74,802,596

### 11. Creditors

	31 December 2013 £	31 December 2012 £
--	--------------------------	--------------------------

Amounts payable for shares cancelled	1,226,953	4,547,718
Purchases awaiting settlement	1,674,721	2,466,044
Accrued expenses	1,265,260	894,199
	4,166,934	7,907,961

There were no contingent liabilities as at 31 December 2013.

### 12. Related Party Transactions

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

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

At the year end accrued expenses included amounts owing to the ACD of £1,030,826 (31 December 2012: £648,551). The charge for the year is disclosed in Note 6.

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



## Notes to the Aggregated Financial Statements

### 13. Events after the Balance Sheet date

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

### 14. Share classes

The Company has two share classes; A shares and Institutional shares. At the year end A shares and Institutional shares have been allocated. The annual management charge on these share classes is 1.50% for A shares, 1.05% for the institutional shares of GAM Global Diversified and GAM UK Diversified and 0.90% for the institutional shares of GAM North American Growth. The net asset value of each share class, the net asset value per share, and the number of shares are given in the comparative tables on pages 22, 34, 47 and 53.

### 15. Derivatives and other financial instruments

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

#### (a) Market price risk

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

The VaR is an estimate of the maximum loss the Funds 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 2013 and 31 December 2012 was 3.05% and 3.10% respectively and the average VaR for the year to 31 December 2013 and year to 31 December 2012 was 2.77% and 3.42% respectively (expressed as a % of NAV).

For GAM North American Growth the VaR as at 31 December 2013 and 31 December 2012 was 4.67% and 2.85% respectively and the average VaR for the year to 31 December 2013 and year to 31 December 2012 was 2.86% and 2.87% respectively (expressed as a % of NAV).

For GAM UK Diversified the VaR as at 31 December 2013 and 31 December 2012 was 2.95% and 2.96% respectively and the average VaR for the year to 31 December 2013 and year to 31 December 2012 was 2.43% and 3.33% respectively (expressed as a % of NAV).

For GAM European Systematic Value & Income the VaR as at 28 September 2009 (the date the fund ceased trading) was 0.03%. The average VaR for the period to 28 September 2009 was 5.31% (expressed as a % of NAV).

#### (b) Foreign currency risk

A substantial portion of the financial assets of the Funds may be denominated in currencies other than the base currency of the Funds with the effect that the balance sheet and total return can be significantly affected by currency movements. The Funds 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 tables in note 15(i) set out the Funds total exposure to foreign currency risk.

#### (c) Liquidity risk

Liquidity risk may arise when not all securities invested in by the Funds will be listed or rated and consequently liquidity may be low. However, the assets of the Funds comprise mainly realisable securities, which can be readily sold.

The table below analyses the Company'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 2013:

	<b>&lt;1 month £</b>
Amounts payable on forward contracts	63,955,467
Amounts payable for shares cancelled	1,226,953
Purchases awaiting settlement	1,674,721
Accrued expenses	1,265,260
Distribution payable in income shares	1,467,955
Net assets attributable to shareholders	934,189,026
	1,003,779,382

As at 31 December 2012:

	<b>&lt;1 month £</b>
Amounts payable on forward contracts	69,874,494
Amounts payable for shares cancelled	4,547,718
Purchases awaiting settlement	2,466,044
Accrued expenses	894,199
Distribution payable on income shares	1,125,779
Net assets attributable to shareholders	538,902,519
	617,810,753

#### (d) Redemption risk

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

#### (e) Credit risk

The Funds are exposed to a credit risk on parties with whom they trade and may bear the risk of settlement default. The Funds minimise the concentration of credit risk by undertaking transactions with counterparties on recognised and reputable exchanges.

At 31 December 2013 the Company held cash deposits of £100,588,042 (31 December 2012: £62,503,616) with J.P. Morgan Trustee and Depository Company Limited, £56,797,620 (31 December 2012: £12,298,980) with UBS AG and £2,439 (31 December 2012: nil) with ABN AMRO. The credit risk to the Funds is the risk that the counterparties default on their obligation to repay the funds. 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.

## Notes to the Aggregated Financial Statements

GAM Global Diversified held the following forward foreign exchange contracts (with J.P. Morgan) at the year end.

As at 31 December 2013:

Purchase currency	Contractual amount	Sale currency	Contractual amount	Maturity date	Unrealised gain US\$
GBP	56,352,922	JPY	(9,486,000,000)	2014/02/06	1,887,032
GBP	7,602,545	JPY	(1,318,000,000)	2014/02/06	34,967
					1,921,999

As at 31 December 2012:

Purchase currency	Contractual amount	Sale currency	Contractual amount	Maturity date	Unrealised gain/(loss) US\$
GBP	55,250,000	JPY	(7,293,000,000)	2012/12/05	3,512,880
GBP	2,263,193	JPY	(304,000,000)	2012/12/13	106,593
GBP	2,288,330	JPY	(314,000,000)	2012/12/20	60,789
GBP	3,598,860	JPY	(499,000,000)	2012/12/27	58,915
GBP	1,815,586	JPY	(248,000,000)	2012/12/18	56,255
GBP	1,626,277	JPY	(223,000,000)	2012/12/19	44,298
GBP	603,774	JPY	(84,000,000)	2012/12/31	7,871
JPY	320,000,000	GBP	(2,428,474)	2012/12/07	(158,369)
					3,689,232

There were no forward foreign exchange transactions open at 31 December 2013 or 31 December 2012 for any other Funds.

### (f) Interest rate risk

The Funds may hold cash balances which are subject to a floating rate of interest. At the year end, floating rates were tracked against the Bank of England base rate -0.5% and for any overdrafts the Bank of England base rate +1%. The amount of the cash balances are set out in the notes to the financial statements for each Fund. Otherwise, the majority of the assets of the Funds are equity shares and other investments which neither pay interest nor have a maturity date.

### (g) Fair value

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

### (h) Gains and losses on financial assets

The net gains from trading in financial assets and financial liabilities shown in the Statement of Total Return are analysed in notes 3 and 4 to the aggregated financial statements.

## Notes to the Aggregated Financial Statements

### 15. Derivatives and other financial instruments, (continued)

#### (i) Net currency hedging on financial assets

The following tables set out the Funds' total exposure to foreign currency risk, the value to be received under the foreign currency contracts designed to hedge this exposure and the resulting net unhedged amounts invested in assets denominated in foreign currency.

	Non Monetary Assets	Monetary Assets	Hedging	31 December 2013 Net Currency Exposure	31 December 2012 Net Currency Exposure
<b>GAM Global Diversified</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Euro	75,020	–	–	75,020	26,630
Japanese yen	81,282	–	(63,955)	17,327	8,729
New Zealand dollar	–	–	–	–	1,680
Norwegian krone	4,895	–	–	4,895	–
South African rand	656	0	–	656	–
Thai baht	–	–	–	–	4,193
US dollar	63,985	66,344	–	130,329	70,167
	225,838	66,344	(63,955)	228,227	111,399
<b>GAM UK Diversified</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Canadian dollar	110	–	–	110	91
Euro	456	–	–	456	317
Japanese yen	15,191	–	–	15,191	9,880
US dollar	–	2	–	2	1,842
	15,757	2	–	15,759	12,130
<b>GAM North American Growth</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Canadian dollar	–	–	–	–	70
US dollar	264,695	46,232	–	310,927	130,323
	264,695	46,232	–	310,927	130,393

## Notes to the Aggregated Financial Statements

### 16. Portfolio transaction costs

		31 December 2013		31 December 2012
	£000's	£000's	£000's	£000's
<b>Analysis of total purchase costs</b>				
Purchases in year before transaction costs		521,330		139,485
Commissions	498		150	
Taxes	118		86	
Total purchases costs		616		236
Gross purchases total		521,946		139,721
<b>Analysis of total sales costs</b>				
Sales in year before transaction costs		381,301		305,716
Commissions	501		349	
Total sales costs		501		349
Gross sales total		381,802		306,065

---

[this page is intentionally left blank]

31 December 2013

## Commentary

The Fund's NAV (as measured by the A Class) rose 32.8% during 2013 versus the MSCI World Index rise of 25.0% (in sterling terms).

In terms of relative performance against the MSCI World Index, Financials, Consumer Staples and Telecoms all stood out with the strongest effects, achieved primarily through stock selection. The only real detractor of any note was Materials, the worst performing sector in the index. Despite under-weighting this sector and gaining a positive allocation effect, Materials became the only negative number for the fund due to stock selection. The Industrials sector was flat, as our negative allocation effect from under-weighting this positive sector, was equally offset by positive stock selections.

The top three holdings contributing to performance were Boston Scientific, Sumitomo Mitsui Financial and Mazda Motor Group. The bottom three were Piraeus Bank, Newmont Mining and AngloGold Ashanti.

## Portfolio Analysis

	31 December 2013 %	31 December 2012 %
<b>Analysis, by geographical area</b>		
Japan	21.35	27.50
United Kingdom	17.11	32.47
United States	16.96	16.94
Germany	5.25	1.47
Italy	4.61	2.62
France	4.05	4.58
Netherlands	3.08	1.40
Greece	2.21	0.03
Norway	1.32	–
Switzerland	0.99	–
South Africa	0.42	–
Thailand	–	1.65
New Zealand	–	0.66
Finland	–	0.35
Net current assets	22.65	10.33
	100.00	100.00

	31 December 2013 %	31 December 2012 %
<b>Analysis, by sector</b>		
Banks	10.68	12.47
Telecommunication Services	7.98	6.69
Energy	6.20	2.27
Media	5.59	7.52
Insurance	5.49	6.88
Food & Staples Retailing	5.40	5.89
Software & Services	5.31	2.88
Capital Goods	4.25	6.35
Pharmaceuticals & Biotechnology	3.70	6.83
Materials	3.68	3.60
Food Beverage & Tobacco	3.04	4.08
Semiconductors & Semiconductor Equipment	2.74	1.71
Commercial & Professional Services	2.61	1.53
Consumer Durables & Apparel	2.42	1.71
Diversified Financials	2.00	4.64
Retailing	1.80	1.32
Technology Hardware & Equipment	1.48	3.44
Utilities	1.43	1.29
Household & Personal Products	0.62	0.99
Health Care Equipment & Services	0.39	1.84
Real Estate	0.20	0.00
Transportation	0.18	3.46
Consumer Services	0.16	0.23
Automobiles and Components	–	2.05
Net current assets	22.65	10.33
	100.00	100.00

	31 December 2013 %	31 December 2012 %
<b>Analysis, by investment</b>		
Equity quoted	76.83	89.67
Equity warrants	0.52	–
Net current assets	22.65	10.33
	100.00	100.00

31 December 2013

## Portfolio Statement

Holdings	Description	Bid value £	% of Net Assets
<b>Japan 21.35% (2012: 27.50%)</b>			
361,668	Sumitomo Mitsui Financial Group	11,239,966	3.03
1,901,135	Mitsubishi UFJ Financial Group	7,572,318	2.04
1,600,840	Nomura Holdings	7,432,807	2.00
211,900	Nippon Telegraph & Telephone	6,883,412	1.85
74,000	Nintendo	5,945,880	1.60
321,800	Fuji Media	3,971,750	1.07
336,255	Sony	3,522,954	0.95
91,255	SECOM	3,315,254	0.89
351,100	Misawa Homes	3,258,346	0.88
85,260	Mabuchi Motor Company	3,053,418	0.82
386,800	Inpex	2,990,270	0.80
309,000	Kirin Holdings	2,683,205	0.72
1,216,050	Daiei Inc/The	2,428,774	0.65
106,400	Pola Orbis Holdings	2,289,967	0.62
79,025	FamilyMart	2,179,286	0.59
1,321,825	NEC	1,797,955	0.48
91,200	FUJIFILM Holdings	1,559,010	0.42
705,000	Sharp Corp/Japan	1,349,402	0.36
46,600	Hoshizaki Electric	998,925	0.27
156,230	Marui Group Company	956,721	0.26
439,200	Yamada Denki Company	867,116	0.23
71,800	IIDA Group Holdings	865,779	0.23
249,000	Nippon Electric Glass Company	788,136	0.21
1,000	AEON REIT Investment	742,374	0.20
25,500	West Japan Railway Company	667,362	0.18
		<b>79,360,387</b>	<b>21.35</b>
<b>United Kingdom 17.11% (2012: 32.47%)</b>			
3,572,006	Aviva	16,061,525	4.32
3,083,217	BP	15,050,724	4.05
24,607,914	Vernalis	9,043,408	2.43
618,378	Pearson	8,295,541	2.23
5,517,735	Rentokil Initial	6,392,296	1.72
2,871,438	ITV	5,567,718	1.50
732,522	Royal Bank of Scotland Group	2,478,488	0.67
101,636	AngloGold Ashanti	719,418	0.19
		<b>63,609,118</b>	<b>17.11</b>

31 December 2013

## Portfolio Statement

Holdings	Description	Bid value £	% of Net Assets
<b>United States 16.96% (2012: 16.94%)</b>			
323,766	eBay	10,733,193	2.89
301,240	Walgreen Company	10,456,038	2.81
256,021	Citigroup	8,061,186	2.17
197,325	First Solar	6,513,518	1.75
297,286	General Electric Company	5,035,902	1.35
253,726	Pfizer	4,695,084	1.26
325,587	Newmont Mining	4,529,695	1.22
418,051	Xerox	3,075,392	0.83
438,129	JC Penney Company USD 0.50	2,423,609	0.65
309,055	Alcoa	1,984,116	0.53
200,535	Boston Scientific	1,457,060	0.39
504,349	Frontier Communications	1,418,578	0.38
80,439	Hewlett-Packard	1,360,173	0.37
39,800	Baker Hughes	1,329,032	0.36
405,462	Enova Systems (Ordinary)	8,109	0.00
177,818	Enova Systems	5,335	0.00
		63,086,020	16.96
<b>Germany 5.25% (2012: 1.47%)</b>			
253,739	Metro	7,440,609	2.01
575,001	Deutsche Telekom (Registered)	5,954,963	1.61
187,734	E.ON SE	2,095,661	0.56
214,271	Commerzbank	2,085,786	0.56
79,141	RWE	1,754,401	0.47
91,763	Singulus Technologies	160,892	0.04
1,056,032	Arcandor	11,402	0.00
		19,503,714	5.25
<b>Italy 4.61% (2012: 2.62%)</b>			
1,426,724	Finmeccanica	6,532,320	1.76
9,003,513	Telecom Italia SpA	5,391,705	1.45
285,000	Saipem	3,684,451	0.99
735,571	Parlamat	1,512,093	0.41
		17,120,569	4.61
<b>France 4.05% (2012: 4.58%)</b>			
339,534	Vivendi	5,401,872	1.46
618,424	Orange	4,623,341	1.24
591,178	Havas	2,940,214	0.79
149,259	Veolia Environnement	1,469,054	0.40
173,922	Euro Disney	607,434	0.16
		15,041,915	4.05



31 December 2013

## Portfolio Statement

Holdings	Description	Bid value £	% of Net Assets
	<b>Netherlands 3.08% (2012: 1.40%)</b>		
291,702	Unilever	7,093,364	1.91
763,128	Aegon	4,350,010	1.17
		11,443,374	3.08
	<b>Greece 2.21% (2012: 0.03%)</b>		
5,000,000	Piraeus Bank	6,312,370	1.69
3,000,000	Hellenic Financial Stability Warrants 02 January 2018	1,916,136	0.52
		8,228,506	2.21
	<b>Norway 1.32% (2012: nil)</b>		
1,814,520	Norsk Hydro	4,895,152	1.32
		4,895,152	1.32
	<b>Switzerland 0.99% (2012: nil)</b>		
760,472	STMicroelectronics	3,681,450	0.99
		3,681,450	0.99
	<b>South Africa 0.42% (2012: nil)</b>		
597,737	Harmony Gold Mining ADRs	911,956	0.24
346,027	Gold Fields	656,379	0.18
		1,568,335	0.42
<b>Total investments</b>		287,538,540	77.35
<b>Net current assets</b>		84,190,443	22.65
<b>Total net assets</b>		371,728,983	100.000

31 December 2013

## Statement of Material Portfolio Changes for the year ended 31 December 2013

Major Purchases	Cost £000's	Major Sales	Proceeds £000's
Piraeus Bank	21,550	Piraeus Bank	13,750
Microsoft	11,866	Microsoft	12,397
BP	11,841	Royal Bank of Scotland	12,047
Citigroup	9,737	BT	9,111
eBay	8,587	Du Pont	8,055
Newmont Mining	8,150	Mazda Motor	8,042
Nintendo	7,509	Boston Scientific	7,323
Aviva	7,215	Koninklijke	7,250
Unilever	7,148	Alcoa	6,598
Koninklijke	6,126	TMB Bank Public Corporation	6,273
Inpex	5,381	GlaxoSmithkline	6,206
Norsk Hydro	5,106	Unilever	5,592
Metro	5,067	Groupe Eurotunnel	5,498
E.ON	5,067	Sainsbury	5,491
Royal Bank of Scotland	4,915	Pfizer	5,345
Deutsche Telekom	4,664	Commerzbank	4,765
Vivendi	4,507	Aviva	4,701
Alcoa	4,474	Invensys	4,550
Rentokil Initial	4,390	Alcatel-Lucent	4,421
Commerzbank	4,271	Daiichi Sankyo	4,363
<b>Total for year</b>	<b>259,569</b>	<b>Total for year</b>	<b>277,491</b>

31 December 2013

## Statement of Total Return for the year ended

	Notes	31 December 2013		31 December 2012	
		£	£	£	£
<b>Income</b>					
Net gains on investments during the year	17		85,074,456		50,339,830
Other losses	18		(1,450,040)		(4,230,207)
Income	19	6,031,944		8,321,939	
Expenses	20	(4,620,920)		(4,252,860)	
Finance costs: Interest	22		–		(332)
Net income before taxation		1,411,024		4,068,747	
Taxation	21	(423,325)		(540,310)	
Net income after taxation			987,699		3,528,437
Total return before distribution			84,612,115		49,638,060
Finance costs: Distribution	22		(922,181)		(3,503,864)
<b>Change in net assets attributable to shareholders</b>			83,689,934		46,134,196

## Statement of Change in Net Assets attributable to Shareholders for the year ended

	31 December 2013		31 December 2012	
	£	£	£	£
<b>Net assets at start of the year</b>		254,749,100		308,999,549
Movement due to issue/(redemption) of shares				
Amounts received on issue of shares	196,886,727		59,639,411	
Less: Amounts paid on redemption of shares	(164,603,616)		(162,398,614)	
		32,283,111		(102,759,203)
Stamp duty reserve tax		(49,229)		(43,958)
Change in net assets attributable to the shareholders		83,689,934		46,134,196
Retained distribution on accumulation shares		1,056,067		2,418,516
<b>Net assets at end of year</b>		371,728,983		254,749,100

31 December 2013

## Balance Sheet as at

	Notes	31 December 2013		31 December 2012	
		£	£	£	£
<b>Assets</b>					
Portfolio of investments	2(b)		287,538,540		228,422,213
Debtors	23	611,765		415,092	
Cash and bank balances	24	83,940,156		27,502,310	
Amounts receivable on forward contracts	15(e)	1,921,999		3,847,601	
Total other assets			86,473,920		31,765,003
<b>Total assets</b>			374,012,460		260,187,216
<b>Liabilities</b>					
Creditors	25	2,003,241		4,661,276	
Amounts payable on forward contracts	15(e)	–		158,369	
Distribution payable on income shares		280,236		618,471	
Total other liabilities			2,283,477		5,438,116
<b>Total liabilities</b>			2,283,477		5,438,116
<b>Net assets attributable to the shareholders</b>			371,728,983		254,749,100

31 December 2013

## Notes to the Financial Statements for the year ended

	31 December 2013 £	31 December 2012 £
<b>17. Net gains on investments during the year</b>		
The net gains on investments during the year comprise:		
Non-derivative securities	72,235,517	43,465,427
Forward currency contracts	12,838,939	6,874,403
	85,074,456	50,339,830
<b>18. Other losses</b>		
Other losses comprise:		
Realised currency losses	(1,450,040)	(4,230,207)
	(1,450,040)	(4,230,207)
<b>19. Income</b>		
UK dividends	1,582,918	3,408,805
Overseas dividends	4,442,661	4,861,540
Bank interest	6,365	200
Bond interest	–	49,262
Sundry income	–	2,132
	6,031,944	8,321,939
<b>20. Expenses</b>		
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	4,386,264	4,104,332
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	55,383	41,559
Safekeeping charge	20,590	12,939
<b>Other expenses</b>		
Audit fees	12,138	11,515
Registration fees	8,349	11,061
FCA	420	420
Other	137,776	71,034
Total expenses	4,620,920	4,252,860
<b>21. Taxation</b>		
<b>a) Analysis of tax charge in the year</b>		
Overseas tax	423,325	540,310
Total	423,325	540,310

31 December 2013

## Notes to the Financial Statements for the year ended

	31 December 2013 £	31 December 2012 £
<b>b) Factors affecting tax charge for the year</b>		
Net income before taxation	1,411,024	4,068,747
Net income at the applicable rate of UK corporation tax of 20% (2012: 20%)	282,205	813,749
Effects of:		
Overseas tax (net of UK relief)	423,325	540,310
Non-taxable UK dividends	(331,740)	(681,761)
Non-taxable Overseas dividends	(873,376)	(972,308)
Movement in accrued income	–	–
Movement in excess tax losses	922,911	840,320
Double tax relief	–	–
Tax charge for the year	423,325	540,310
<b>c) Factors that may affect future tax charges</b>		
At 31 December 2013, the Fund has estimated unrecognised excess tax losses of £26,951,212 (31 December 2012: £22,336,657).		
<b>22. Finance Costs</b>		
The distribution takes account of income received on the issue of shares and income deducted on cancellation of shares, and comprises:		
Final	1,336,303	3,082,780
Add: Income deducted on cancellation of units	327,331	910,691
Deduct: Income received on issue of units	(741,453)	(489,607)
Net distribution for the year	922,181	3,503,864
Interest	–	332
Total finance costs	922,181	3,504,196
<b>23. Debtors</b>		
Amounts receivable for issue of shares	394,440	20,033
Accrued income	217,325	395,059
	611,765	415,092
<b>24. Cash and bank balances</b>		
Cash and bank balances	83,940,156	27,502,310
	83,940,156	27,502,310
<b>25. Creditors</b>		
Purchases awaiting settlement	1,153,411	–
Amounts payable for cancellation of units	338,154	4,245,180
Accrued expenses	511,676	416,096
	2,003,241	4,661,276

31 December 2013

## Notes to the Financial Statements

	Highest price p		Lowest price p		Net income per share p
<b>26. Comparative Table</b>					
<b>a) Performance</b>					
Year ended 31 December 2013					
Income Shares	2,876.68		2,189.27		4.86
Accumulation Shares	3,810.23		2,866.85		6.43
Institutional Income Shares	1,482.60		1,110.98		8.74
Institutional Accumulation Shares	1,482.60		1,110.98		8.74
Year ended 31 December 2012					
Income Shares	2,201.50		1,883.93		24.85
Accumulation Shares	2,882.86		2,381.02		32.54
Institutional Income Shares	1,117.13		928.89		–
Institutional Accumulation Shares	1,117.13		928.89		17.38
Year ended 31 December 2011					
Income Shares	2,232.09		1,727.27		15.64
Accumulation Shares	2,897.92		2,242.52		20.31
Year ended 31 December 2010					
Income Shares	2,149.24		1,832.05		16.23
Accumulation Shares	2,769.02		2,360.35		20.90
Year ended 31 December 2009					
Income Shares	1,958.42		1,337.62		14.81
Accumulation Shares	2,503.45		1,709.88		18.93
	<b>December</b>	<b>December</b>	<b>December</b>	<b>December</b>	<b>December</b>
<b>b) Net asset value</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Value of the Fund	£371,728,983	£254,749,100	£308,999,549	£515,280,232	£531,521,612
Total shares in issue – A Class					
Income Shares	844,841	2,488,894	4,980,861	6,960,006	6,824,164
Accumulation Shares	4,717,117	5,881,215	9,173,508	13,485,893	16,749,433
Total shares in issue – Institutional Class					
Income Shares	2,737,433	–	–	–	–
Accumulation Shares	8,612,732	2,904,889	–	–	–
Deemed net asset value per share in issue – A Class					
Income Shares	2,874.34	2,164.47p	1,818.29p	2,105.83p	1,871.26p
Accumulation Shares	3,807.07	2,866.85p	2,381.02p	2,734.01p	2,410.96p
Deemed net asset value per share in issue – Institutional Class					
Income Shares	1,481.38	–	–	–	–
Accumulation Shares	1,481.38	1,110.98p	–	–	–

31 December 2013

## Notes to the Financial Statements

	2013	2012	2011	2010	2009
<b>c) Performance Return</b>					
Accumulation Shares	32.80%	20.40%	(12.91%)	13.40%	14.36%

### d) Portfolio Turnover rate

The Portfolio Turnover Rate ("PTR") for the year ended 31 December 2013 is 55.68% (31 December 2012: 25.01%). The PTR is calculated as the total security transactions (purchases and sales) less the total subscriptions and redemptions, divided by the average net assets of the relevant Fund.

### e) Total expense ratios

The Total Expense Ratio ("TER") of the A class for the year ended 31 December 2013 was 1.57% (31 December 2012: 1.57%), and 1.14% (31 December 2012: 1.11%) for the Institutional shares.

The TER is a fee based calculation showing the fees charged to a Fund as a percentage of average NAV for the year.

The TER calculation for the Fund is made up of:

- (1) 1.5% per annum, payable to the ACD for "A" shares, and 1.05% per annum for Institutional shares.
- (2) Depositary fees of 0.0125% (plus Value Added Tax) per annum. Additional charges to the depositary include custody and transaction charges and safekeeping fees.
- (3) Registrar fees made up of a charge per shareholder and a charge per share movement and;
- (4) Other expenses covers a number of items such as marketing costs, directors meeting costs and costs of printing financial reports.



---

[this page is intentionally left blank]

# GAM North American Growth

Manager: Gordon Grender

31 December 2013

## Commentary

The Fund's NAV (as measured by the A Class) rose 27.4% during 2013 versus the S&P 500 Index rise of 29.9% (in sterling terms).

In terms of relative performance against the S&P 500 Index, the Consumer Discretionary sector made the largest contribution due to outstanding stock selection numbers. Industrials also added good value, also through stock selection successes. Information Technology was also positive due to the allocation effects of under-weighting this underperforming sector. Health Care was the biggest detractor as we under-weighted an outperforming sector and also experienced negative stock selection effects. Stock selection also led to detracting from both the Energy and Financials sectors.

The top three holdings contributing to performance were Conns, USA Truck and Huntsman. The bottom three were Halcon Resources, ESCO Technologies and Ford Motor Co.

## Portfolio Analysis

	31 December 2013 %	31 December 2012 %
<b>Analysis, by geographical area</b>		
United States	84.18	79.51
Canada	0.96	1.79
Israel	–	0.37
Net current assets	14.86	18.33
	100.00	100.00

	31 December 2013 %	31 December 2012 %
<b>Analysis, by sector</b>		
Retailing	18.93	23.05
Capital Goods	17.23	7.48
Insurance	8.97	11.81
Energy	8.89	8.66
Materials	7.14	9.29
Food Beverage & Tobacco	6.18	–
Health Care Equipment & Services	6.03	8.09
Pharmaceuticals & Biotechnology	3.73	2.77
Banks	2.65	2.92
Household & Personal Products	2.45	4.35
Automobiles & Components	1.80	–
Commercial & Professional Services	0.85	0.89
Semiconductors & Semiconductor Equipment	0.23	0.44
Real Estate	0.04	0.08
Software & Services	0.02	0.40
Transportation	–	1.44
Net current assets	14.86	18.33
	100.00	100.00

	31 December 2013 %	31 December 2012 %
<b>Analysis, by investment</b>		
Equity quoted	85.14	81.67
Net current assets	14.86	18.33
	100.00	100.00

# GAM North American Growth

31 December 2013

## Portfolio Statement

Holdings	Description	Mid value £	% of Net Assets
<b>United States</b>			
<b>Retailing 18.93% (2012: 23.05%)</b>			
600,000	Conn's	28,528,116	9.18
1,000,000	Fred's A	11,166,171	3.59
375,000	Penske Auto Group	10,681,276	3.44
28,000	AutoZone	8,086,338	2.60
75,000	Christopher & Banks	387,236	0.12
		58,849,137	18.93
<b>Capital Goods 17.23% (2012: 7.48%)</b>			
200,000	Northrop Grumman	13,850,764	4.46
150,000	Lockheed Martin	13,473,725	4.33
500,000	Quanta Services	9,533,239	3.07
450,000	ESCO Technologies	9,319,492	3.00
300,000	Owens Corning	7,381,274	2.37
		53,558,494	17.23
<b>Insurance 8.97% (2012: 11.81%)</b>			
400,000	WR Berkley	10,488,225	3.37
150,000	Chubb	8,756,652	2.82
200,000	Infinity Property & Casualty	8,653,782	2.78
		27,898,659	8.97
<b>Energy 8.89% (2012: 8.66%)</b>			
3,000,000	Halcon Resources	7,006,047	2.25
300,000	Williams Companies	6,991,545	2.25
150,000	Phillips 66	6,991,092	2.25
150,000	Conoco Phillips	6,403,327	2.06
20,845	WPX Energy	256,690	0.08
		27,648,701	8.89
<b>Materials 6.18% (2012: 7.55%)</b>			
725,000	Huntsman	10,778,632	3.46
100,000	Monsanto	7,042,603	2.27
150,000	Synalloy	1,388,974	0.45
		19,210,209	6.18
<b>Food Beverage &amp; Tobacco 6.18% (2012: nil)</b>			
250,000	Beam	10,280,973	3.31
300,000	Post Holdings	8,932,030	2.87
		19,213,003	6.18
<b>Health Care Equipment and Services 6.03% (2012: 8.09%)</b>			
300,000	ICU Medical	11,541,397	3.71
300,000	Carefusion	7,219,038	2.32
		18,760,435	6.03

# GAM North American Growth

31 December 2013

## Portfolio Statement

Holdings	Description	Mid value £	% of Net Assets
<b>Pharmaceuticals &amp; Biotechnology 3.73% (2012: 2.77%)</b>			
200,000	Mallinckrodt	6,314,808	2.03
250,000	Pfizer	4,626,136	1.49
27,980	Insys Therapeutics	654,360	0.21
		11,595,304	3.73
<b>Banks 2.65% (2012: 2.92%)</b>			
300,000	Wells Fargo & Company	8,228,706	2.65
		8,228,706	2.65
<b>Household and Personal Products 2.45% (2012: 4.35%)</b>			
190,000	Church & Dwight	7,609,763	2.45
		7,609,763	2.45
<b>Automobiles and Components 1.80% (2012: nil)</b>			
600,000	Ford Motor Company	5,593,961	1.80
		5,593,961	1.80
<b>Commercial and Professional Services 0.85% (2012: 0.89%)</b>			
200,000	R.R. Donnelley & Sons	2,451,361	0.79
10,500	Viad	176,153	0.06
		2,627,514	0.85
<b>Semiconductors &amp; Semiconductor Equipment 0.23% (2012 0.44%)</b>			
143,750	On Semiconductor	715,276	0.23
		715,276	0.23
<b>Real Estate 0.04% (2012: 0.08%)</b>			
6,000	Consolidated Tomoka Land	132,363	0.04
		132,363	0.04
<b>Software and Services 0.02% % (2012: 0.40%)</b>			
5,250	MoneyGram	65,839	0.02
88,000	Clarent	5	0.00
229,449	SoftBrands *Contra Line*	0	0.00
		65,844	0.02
<b>Technology Hardware &amp; Equipment 0.00% % (2012: nil%)</b>			
85,000	Gerber Scientific Contingent Shares	0	0.00
		0	0.00

# GAM North American Growth

31 December 2013

## Portfolio Statement

Holdings	Description	Mid value £	% of Net Assets
	<b>Canada</b>		
	<b>Materials 0.96% (2012: 1.74%)</b>		
150,000	Potash of Saskatchewan	2,987,766	0.96
		2,987,766	0.96
<b>Total investments</b>		264,695,135	85.14
<b>Net current assets</b>		46,204,887	14.86
<b>Net assets</b>		310,900,022	100.00

# GAM North American Growth

31 December 2013

## Statement of Material Portfolio Changes for the year ended 31 December 2013

<b>Major Purchases</b>	<b>Cost £000's</b>	<b>Total Sales</b>	<b>Proceeds £000's</b>
Northrop Grumman	11,754	USA Truck	7,809
Lockheed Martin	11,098	Dell	6,865
Beam	10,116	Conns	5,191
Post Holdings	8,279	Power-One	4,760
Halcon Resources	8,136	Tenet Healthcare	914
ESCO Technologies	7,742	Retalix	562
Dell	7,129	Eacom Timber	87
Owens Corning	7,105	<b>Total for year</b>	<b>26,188</b>
ICU Medical	6,707		
Ford Motor	6,483		
Mallinckrodt	6,416		
Williams Companies	5,246		
Quanta Services	3,708		
Monsanto Company	3,289		
Fred's Incorporated	3,253		
Infinity Property & Casualty	2,795		
WR Berkley	2,713		
Wells Fargo & Co	2,436		
ConocoPhillips	1,933		
Chubb	1,655		
<b>Total for year</b>	<b>119,913</b>		

# GAM North American Growth

31 December 2013

## Statement of Total Return for the year ended

	Notes	31 December 2013		31 December 2012	
		£	£	£	£
Net gains on investments during the year	27		52,618,243		16,226,259
Other losses	28		(1,974,078)		(32,492)
Income	29	2,914,091		1,629,664	
Expenses	30	(3,293,911)		(1,991,207)	
Net expense before taxation			(379,820)		(361,543)
Taxation	31		(435,932)		(243,236)
<b>Net income after taxation</b>			(815,752)		(604,779)
<b>Total return before distribution</b>			49,828,413		15,588,988
Finance costs: Distribution	32		(31,066)		(9,320)
<b>Change in net assets attributable to shareholders</b>			49,797,347		15,579,668

## Statement of Change in Net Assets attributable to Shareholders for the year ended

	Notes	31 December 2013		31 December 2012	
		£	£	£	£
<b>Net assets at start of the year</b>			143,882,298		110,660,928
Movement due to issue/(redemption) of shares					
Amounts received on issue of shares		218,748,635		48,222,213	
Less: Amounts paid on redemption of shares		(101,555,565)		(30,583,073)	
			117,193,070		17,639,140
Change in net assets attributable to the shareholders			49,797,347		15,579,668
Retained distribution on accumulation shares			27,307		2,562
<b>Net assets at end of year</b>			310,900,022		143,882,298

# GAM North American Growth

31 December 2013

## Balance Sheet

as at

	Notes	31 December 2013		31 December 2012	
		£	£	£	£
Portfolio of investments	2(b)		264,695,135		117,507,396
Debtors	33	1,491,342		1,415,877	
Cash and bank balances	34	46,012,847		27,768,569	
Total other assets			47,504,189		29,184,446
<b>Total assets</b>			312,199,324		146,691,842
Creditors	35	1,276,366		2,802,943	
Distribution payable on income shares		22,936		6,601	
Total other liabilities			1,299,302		2,809,544
<b>Total liabilities</b>			1,299,302		2,809,544
<b>Net assets attributable to the shareholders</b>			310,900,022		143,882,298



# GAM North American Growth

31 December 2013

## Notes to the Financial Statements for the year ended

	31 December 2013	31 December 2012
	£	£
<b>27. Net gains on investments during the year</b>		
The net gains on investments during the year comprise:		
Non-derivative securities	52,618,243	16,226,259
	52,618,243	16,226,259
<b>28. Other losses</b>		
Other losses comprise:		
Realised currency losses	(1,974,078)	(32,492)
	(1,974,078)	(32,492)
<b>29. Income</b>		
Overseas dividends	2,907,094	1,621,570
Bank interest	6,997	8,094
	2,914,091	1,629,664
<b>30. Expenses</b>		
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	3,084,313	1,821,918
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	40,503	18,681
Safekeeping charge	4,072	3,552
<b>Other expenses</b>		
Audit fees	11,273	10,694
Registration fees	8,346	17,634
FCA	420	420
Other	144,984	118,308
Total expenses	3,293,911	1,991,207

# GAM North American Growth

31 December 2013

## Notes to the Financial Statements for the year ended

	31 December 2013	31 December 2012
	£	£
<b>31. Taxation</b>		
<b>a) Analysis of tax charge in the year</b>		
Overseas tax	435,932	243,236
Total	435,932	243,236
<b>b) Factors affecting tax charge for the year</b>		
Net income before taxation	(379,820)	(361,543)
Net income at the applicable rate of UK corporation tax of 20% (2011: 20%)	(75,964)	(72,309)
Effects of:		
Overseas tax (net of UK relief)	435,932	243,236
Non-taxable UK dividends	–	–
Non-taxable Overseas dividends	(581,419)	(324,314)
Movement in accrued income	–	–
Movement in excess tax losses	657,383	396,623
Double tax relief	–	–
Tax charge for the year	435,932	243,236
<b>c) Factors that may affect future tax charges</b>		
At 31 December 2013, the Fund has estimated unrecognised excess tax losses of £11,178,980 (31 December 2012: £7,892,066).		
<b>32. Finance costs</b>		
The distribution takes account of income received on the issue of shares and income deducted on cancellation of shares, and comprises:		
Final	50,243	9,137
Add: Income deducted on cancellation of units	15,387	830
Deduct: Income received on issue of units	(34,564)	(647)
Net distribution for the year	31,066	9,320
Interest	–	–
Total finance costs	31,066	9,320
<b>33. Debtors</b>		
Amounts receivable for issue of shares	1,414,280	635,676
Sales awaiting settlement	–	734,090
Accrued income	77,062	46,111
	1,491,342	1,415,877
<b>34. Cash and bank balances</b>		
Cash and bank balances	46,012,847	27,768,569
	46,012,847	27,768,569
<b>35. Creditors</b>		
Purchases awaiting settlement	–	2,466,044
Amounts payable on cancellation of shares	878,164	111,667
Accrued expenses	398,202	225,232
	1,276,366	2,802,943

# GAM North American Growth

31 December 2013

## Notes to the Financial Statements

	Highest price p		Lowest price p		Net income per share p
<b>36. Comparative Table</b>					
<b>a) Performance</b>					
Year ended 31 December 2013					
Income Shares	2,394.66		1,889.78		–
Accumulation Shares	2,986.14		2,356.56		–
Institutional Income Shares	1,520.84		1,196.23		0.53
Institutional Accumulation Shares	1,521.51		1,196.75		0.53
Year ended 31 December 2012					
Income Shares	1,872.77		1,626.53		–
Accumulation Shares	2,335.42		2,028.28		–
Institutional Income Shares	1,185.76		1,024.95		0.52
Institutional Accumulation Shares	1,185.76		1,024.95		0.52
Year ended 31 December 2011					
Income Shares	1,696.17		1,406.18		–
Accumulation Shares	2,115.14		1,753.51		–
Institutional Income Shares	1,036.67		981.53		–
Institutional Accumulation Shares	–		–		–
Year ended 31 December 2010					
Income Shares	1,604.53		1,215.10		–
Accumulation Shares	2,000.86		1,515.23		–
Year ended 31 December 2009					
Income Shares	1,293.86		1,019.38		–
Accumulation Shares	1,613.44		1,271.17		–
<b>b) Net asset value</b>					
	<b>December 2013</b>	<b>December 2012</b>	<b>December 2011</b>	<b>December 2010</b>	<b>December 2009</b>
Value of the Fund	£310,900,022	£143,882,298	£110,660,928	£94,795,731	£72,315,637
Total shares in issue – A Class					
Income Shares	2,774,847	3,299,859	3,748,351	3,226,133	3,127,786
Accumulation Shares	3,433,496	2,663,085	2,523,755	2,219,712	2,112,243
Total shares in issue – Institutional Class					
Income Shares	4,356,915	1,279,161	233,225	–	–
Accumulation Shares	5,185,087	496,451	–	–	–
Deemed net asset value per share in issue – A Class					
Income Shares	2,367.44	1,857.77p	1,633.98p	1,581.47p	1,255.10p
Accumulation Shares	2,952.20	2,316.64p	2,037.58p	1,972.10p	1,565.11p
Deemed net asset value per share in issue – Institutional Class					
Income Shares	1,507.37	1,175.98p	1029.59p	–	–
Accumulation Shares	1,507.98	1,176.50p	–	–	–

# GAM North American Growth

31 December 2013

	2013	2012	2011	2010	2009
<b>c) Performance Return</b>					
Accumulation Shares	27.43%	13.70%	3.32%	26.00%	6.55%

#### **d) Portfolio Turnover rate**

The Portfolio Turnover Rate ("PTR") for the year ended 31 December 2013 is (72.11%) (31 December 2012: (33.80%)). The PTR is calculated as the total security transactions (purchases and sales) less the total subscriptions and redemptions, divided by the average net assets of the relevant Fund.

#### **e) Total expense ratios**

The Total Expense Ratio ("TER") of the Fund for the year ended 31 December 2013 was 1.58% (31 December 2012: 1.64%), for the income and accumulation shares and 0.99% (31 December 2012: 1.11%) for the Institutional shares.

The TER is a fee based calculation showing the fees charged to a Fund as a percentage of average NAV for the year.

The TER calculation for the Fund is made up of:

- (1) 1.5% per annum, for A shares and 0.9% per annum for Institutional shares payable to the ACD.
- (2) Depositary fees of 0.0125% (plus Value Added Tax) per annum. Additional charges to the depositary include custody and transaction charges and safekeeping fees.
- (3) Registrar fees made up of a charge per shareholder and a charge per share movement and;
- (4) Other expenses covers a number of items such as marketing costs, directors meeting costs and costs of printing financial reports.

---

[this page is intentionally left blank]

# GAM UK Diversified

Manager: Andrew Green

31 December 2013

## Commentary

The Fund's NAV (as measured by the A Class) rose 27.9% during 2013 versus the FTSE All-Share Index rise of 20.8% (in Sterling terms).

In terms of relative performance against the FTSE All-share Index, Financials stood out with the strongest effects, achieved primarily through stock selection. The poorly performing Basic Materials sector was very under-weighted and this generated some large positive allocation effects. Consumer Services is also highlighted. Over-weighting of this out-performing sector in addition to good stock selection made a strong positive result. In terms of detractors, Industrials lost ground due to stock selection. Under-weighting Telecoms, which was the top performing sector, meant negative allocation effects more than cancelled out the positive effects of our stock selection.

The top three holdings contributing to performance were ITV, GlaxoSmithkline and Aviva. The bottom three were Invensys, AngloGold Ashanti and African Barrick Gold.

## Portfolio Analysis

	31 December 2013 %	31 December 2012 %
<b>Analysis, by geographical area</b>		
United Kingdom	81.15	75.87
Japan	6.04	7.04
Ireland	1.47	1.95
Switzerland	0.43	-
Peru	0.24	-
France	0.18	0.22
Canada	0.04	0.07
Germany	0.00	0.00
Greece	-	0.01
Thailand	-	1.31
Net current assets	10.45	13.53
	100.00	100.00

	31 December 2013 %	31 December 2012 %
<b>Analysis, by sector</b>		
Insurance	10.29	11.31
Pharmaceuticals & Biotechnology	8.50	8.28
Energy	8.37	5.65
Banks	8.08	8.64
Telecommunication Services	7.92	5.08
Media	5.82	7.40
Retailing	5.50	6.69
Materials	5.37	2.98
Food Beverage & Tobacco	4.37	5.28
Capital Goods	4.17	3.08
Commercial & Professional Services	3.97	3.08
Software & Services	3.59	3.19
Real Estate	3.02	0.67
Health Care Equipment & Services	2.95	3.17
Diversified Financials	2.35	5.55
Food & Staples Retailing	2.05	1.94
Utilities	1.60	-
Transportation	0.73	1.92
Technology Hardware & Equipment	0.66	2.25
Consumer Services	0.18	0.22
External Funds (Other)	0.06	0.09
Net current assets	10.45	13.53
	100.00	100.00

	31 December 2013 %	31 December 2012 %
<b>Analysis, by investment</b>		
Equity quoted	89.49	86.38
Exchange traded fund	0.06	0.09
Net current assets	10.45	13.53
	100.00	100.00

31 December 2013

## Portfolio Statement

Holdings	Description	Mid value £	% of Net Assets
<b>United Kingdom</b>			
<b>Insurance 10.29% (2012: 11.31%)</b>			
3,313,891	Aviva	14,900,911	5.93
878,681	Novae Group	5,500,543	2.19
856,485	Resolution	3,030,672	1.20
2,670,479	RSA Insurance	2,442,821	0.97
		25,874,947	10.29
<b>Pharmaceuticals &amp; Biotechnology 8.46% (2012: 8.21%)</b>			
657,810	GlaxoSmithKline	10,602,252	4.22
18,632,844	Vernalis	6,847,570	2.72
2,052,251	Vectura	2,878,282	1.14
26,747,348	Oxford BioMedica	621,876	0.25
276,524	Skyepharma	311,781	0.12
5,468,280	Ark Therapeutics Group	18,866	0.01
		21,280,627	8.46
<b>Energy 8.37% (2012: 5.65%)</b>			
2,561,528	BP	12,504,099	4.98
167,379	Royal Dutch Shell B	3,815,823	1.52
253,983	BG Group	3,296,064	1.31
1,199,516	Hardy Oil & Gas	916,130	0.36
710,000	Essar Energy	514,395	0.20
		21,046,511	8.37
<b>Telecommunication Services 7.92% (2012: 5.08%)</b>			
5,828,125	Vodafone Group	13,817,027	5.49
10,864,561	Cable & Wireless Communications	6,114,032	2.43
		19,931,059	7.92
<b>Media 5.82% (2012: 7.40%)</b>			
3,867,755	ITV	7,499,577	2.99
531,441	Pearson	7,129,281	2.83
		14,628,858	5.82
<b>Retailing 5.50% (2012: 6.69%)</b>			
980,641	Marks & Spencer	4,244,214	1.69
16,134,841	Laura Ashley Holdings	4,215,227	1.67
8,123,490	Dixons Retail	3,939,486	1.57
173,267	Caffyns	935,642	0.37
419,190	Darty	493,072	0.20
17,165,604	HMV	0	–
		13,827,641	5.50

31 December 2013

## Portfolio Statement

Holdings	Description	Mid value £	% of Net Assets
<b>Materials 4.70% (2012: 2.98%)</b>			
874,921	Rexam	4,639,269	1.84
1,968,716	African Barrick Gold	3,663,780	1.46
540,090	Lonmin PLC Ord. USD 1.00	1,667,798	0.66
81,803	Anglo American	1,080,004	0.43
357,983	Kazakhmys	782,193	0.31
		11,833,044	4.70
<b>Capital Goods 4.17% (2012: 3.08%)</b>			
1,048,836	Invensys	5,325,465	2.12
2,268,982	Qinetiq Group	4,929,363	1.96
82,203	Balfour Beatty	235,923	0.09
		10,490,751	4.17
<b>Banks 4.14% (2012: 3.95%)</b>			
1,070,580	HSBC Holdings	7,090,987	2.82
983,106	Royal Bank of Scotland Group	3,326,339	1.32
		10,417,326	4.14
<b>Commercial &amp; Professional Services 3.97% (2012: 3.08%)</b>			
4,873,480	Rentokil Initial	5,645,927	2.24
2,898,249	Shanks Group	3,148,223	1.25
928,519	Hays	1,202,432	0.48
		9,996,582	3.97
<b>Software and Services 3.59% (2012: 3.19%)</b>			
905,970	Sage Group	3,658,307	1.46
8,494,692	Innovation Group	2,941,287	1.17
1,554,806	Xchanging	2,419,667	0.96
		9,019,261	3.59
<b>Real Estate 3.02% (2012: 0.67%)</b>			
1,283,781	Segro	4,287,186	1.70
1,067,583	Intu Properties	3,308,974	1.32
		7,596,160	3.02
<b>Healthcare Equipment and Services 2.95% (2012: 3.17%)</b>			
862,413	Smith & Nephew	7,423,220	2.95
		7,423,220	2.95
<b>Food Beverage and Tobacco 2.90% (2012: 3.33%)</b>			
293,460	Unilever	7,285,145	2.90
		7,285,145	2.90



31 December 2013

## Portfolio Statement

Holdings	Description	Mid value £	% of Net Assets
1,414,336	<b>Food and Staples Retailing 2.05% (2012: 1.94%)</b> Sainsbury (J)	5,160,205	2.05
		5,160,205	2.05
600,366	<b>Utilities 1.60% (2012: nil)</b> United Utilities Group	4,037,461	1.60
		4,037,461	1.60
1,491,212	<b>Transportation 0.73% (2012: 1.91%)</b> Firstgroup	1,843,884	0.73
		1,843,884	0.73
93,656	<b>Technology Hardware and Equipment 0.66% (2012: 2.25%)</b> Oxford Instruments	1,651,155	0.66
		1,651,155	0.66
165,917	<b>Diversified Financials 0.25% (2012: 1.89%)</b> 3I Group	639,610	0.25
		639,610	0.25
39,409	<b>External Funds (Other) 0.06% (2012: 0.09%)</b> Oryx International Growth	150,739	0.06
		150,739	0.06
211,572	<b>Japan</b> <b>Banks 3.94% (2012: 3.38%)</b> Sumitomo Mitsui Financial Group	6,575,262	2.62
836,100	Mitsubishi UFJ Financial Group	3,330,229	1.32
		9,905,491	3.94
1,138,400	<b>Diversified Financials 2.10% (2012: 3.66%)</b> Nomura Holdings	5,285,667	2.10
		5,285,667	2.10
1,662,583	<b>Ireland</b> <b>Food Beverage &amp; Tobacco 1.47% (2012: 1.95%)</b> Greencore Group	3,699,247	1.47
		3,699,247	1.47

31 December 2013

## Portfolio Statement

Holdings	Description	Mid value £	% of Net Assets
	<b>Switzerland</b>		
	<b>Materials 0.43% (2012: nil)</b>		
343,416	Glencore Xstrata	1,073,948	0.43
		1,073,948	0.43
	<b>Peru</b>		
	<b>Materials 0.24% (2012: nil)</b>		
438,000	Hochschild Mining	615,390	0.24
		615,390	0.24
	<b>France</b>		
	<b>Consumer Services 0.18% (2012: 0.22%)</b>		
128,938	Euro Disney	450,325	0.18
		450,325	0.18
	<b>Canada</b>		
	<b>Pharmaceuticals &amp; Biotechnology 0.04% (2012 0.07%)</b>		
728,500	Epicore Bionetworks	109,838	0.04
		109,838	0.04
	<b>Germany</b>		
	<b>Retailing 0.00% (2012 0.00%)</b>		
497,670	Arcandor	5,374	0.00
		5,374	0.00
<b>Total investments</b>		225,279,466	89.55
<b>Net current assets</b>		26,280,555	10.45
<b>Net assets</b>		251,560,021	100.00

31 December 2013

## Statement of Material Portfolio Changes for the year ended 31 December 2013

Major Purchases	Cost £000's	Major Sales	Proceeds £000's
Vodafone	12,763	Royal Bank of Scotland	7,438
GlaxoSmithkline	7,751	BT	6,759
HSBC	7,468	GlaxoSmithkline	6,411
Aviva	6,371	3I	4,111
Unilever	5,643	International Consolidated Airlines	3,989
BP	5,634	Unilever	3,212
Royal Bank of Scotland	5,093	Aviva	2,878
Marks & Spencer	4,776	ITV	2,752
United Utilities	4,219	Oxford Instruments	2,629
African Barrick Gold	3,844	RSA Insurance	2,585
Qinetiq	3,706	Dixons Retail	2,559
Intu Properties	3,699	Ocado	2,460
Royal Dutch Shell	3,626	TMB Bank Public Corporation	2,366
Mitsubishi UFJ Financial	3,542	Nomura	2,269
Sage	3,326	Innovation	2,015
Cable & Wireless	3,289	Greencore	2,006
BG	3,231	BP	1,813
Sainsbury	3,033	British Land	1,706
Segro	3,022	Sumitomo Mitsui Financial	1,435
Pearson	2,933	Royal Mail	1,195
<b>Total for the year</b>	<b>141,848</b>	<b>Total for the year</b>	<b>77,622</b>

31 December 2013

## Statement of Total Return for the year ended

	Notes	31 December 2013		31 December 2012	
		£	£	£	£
<b>Income</b>					
Net gains on investments during the year	37		39,709,129		32,288,401
Other losses	38		(12,754)		(1,904,662)
Income	39	4,878,490		3,950,718	
Expenses	40	(2,502,983)		(2,210,668)	
Net income before taxation		2,375,507		1,740,050	
Taxation	41	(10,082)		(46,838)	
Net income after taxation			2,365,425		1,693,212
Total return before distribution			42,061,800		32,076,951
Finance costs: Distribution	42		(2,351,224)		(1,693,088)
<b>Change in net assets attributable to shareholders</b>			39,710,576		30,383,863

## Statement of Change in Net Assets attributable to shareholders for the year ended

		31 December 2013		31 December 2012	
		£	£	£	£
<b>Net assets at start of the year</b>			140,271,121		182,201,122
Movement due to issue/(redemption) of shares					
Amounts received on issue of shares		118,908,777		41,547,936	
Less: Amounts paid on redemption of shares		(49,528,569)		(114,635,531)	
			69,380,208		(73,087,595)
Dilution Levy			–		(51,976)
Stamp duty reserve tax			(68,717)		(42,001)
Change in net assets attributable to the shareholders			39,710,576		30,383,863
Retained distribution on accumulation shares			2,266,833		867,708
<b>Net assets at end of year</b>			251,560,021		140,271,121

31 December 2013

## Balance Sheet as at

	Notes	31 December 2013		31 December 2012	
		£	£	£	£
<b>Assets</b>					
Portfolio of investments	2(b)		225,279,466		121,287,560
Debtors	43	897,567		385,624	
Cash and bank balances	44	27,432,659		19,531,712	
Total other assets			28,330,226		19,917,336
<b>Total assets</b>			253,609,692		141,204,896
<b>Liabilities</b>					
Creditors	45	884,888		433,068	
Distribution payable on income shares		1,164,783		500,707	
Total other liabilities			2,049,671		933,775
<b>Total liabilities</b>			2,049,671		933,775
<b>Net assets attributable to the shareholders</b>			251,560,021		140,271,121

31 December 2013

## Notes to the Financial Statements for the year ended

	31 December 2013		31 December 2012	
	£	£	£	£
<b>37. Net gains on investments during the year</b>				
The net (losses)/gains on investments during the year comprise:				
Non-derivative securities		39,709,129		32,288,401
		39,709,129		32,288,401
<b>38. Other losses</b>				
Other losses comprise:				
Realised currency losses		(12,754)		(1,904,662)
		(12,754)		(1,904,662)
<b>39. Income</b>				
UK dividends		4,480,762		3,765,369
Overseas dividends		397,479		184,663
Bank interest		249		683
Sundry income		–		3
		4,878,490		3,950,718
<b>40. Expenses</b>				
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>				
ACD's periodic charge		2,315,849		1,992,369
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>				
Depositary's fee		25,654		28,136
Safekeeping charge		10,723		12,224
<b>Other expenses</b>				
Audit fees		12,138		11,515
Registration fees		8,349		13,246
FCA		420		420
Other		129,850		152,758
Total expenses		2,502,983		2,210,668
<b>41. Taxation</b>				
<b>a) Analysis of tax charge in the year</b>				
UK tax		–		4,322
Overseas tax		10,082		42,516
Total		10,082		46,838

31 December 2013

## Notes to the Financial Statements for the year

	31 December 2013	31 December 2012
	£	£
<b>b) Factors affecting tax charge for the year</b>		
Net income before taxation	2,375,507	1,740,050
Net income at the applicable rate of UK corporation tax of 20% (2012: 20%)	475,101	348,010
<b>Effects of:</b>		
Overseas tax (net of UK relief)	10,082	46,838
Non-taxable UK dividends	(881,674)	(753,073)
Non-taxable Overseas dividends	(79,496)	(36,933)
Movement in accrued income	–	–
Movement in excess tax losses	486,069	441,996
Double tax relief	–	–
Tax charge for the year	10,082	46,838
<b>c) Factors that may affect future tax charges</b>		
At 31 December 2013, the Fund has estimated unrecognised excess tax losses of £48,431,029 (31 December 2012: £45,928,294).		
<b>42. Finance costs</b>		
The distribution takes account of income received on the issue of shares and income deducted on cancellation of shares, and comprises:		
Final	3,431,616	1,368,216
Add: Income deducted on cancellation of units	383,504	451,673
Deduct: Income received on issue of units	(1,463,896)	(126,801)
Net distribution for the year	2,351,224	1,693,088
Interest	–	–
Total finance costs	2,351,224	1,693,088
<b>43. Debtors</b>		
Amounts receivable for issue of shares	177,095	59,428
Accrued income	720,472	326,196
	897,567	385,624
<b>44. Cash and bank balances</b>		
Cash and bank balances	27,432,659	19,531,712
	27,432,659	19,531,712
<b>45. Creditors</b>		
Purchases awaiting settlement	521,310	–
Amounts payable on cancellation of shares	10,635	190,871
Accrued expenses	352,943	242,197
	884,888	433,068

31 December 2013

## Notes to the Financial Statements

	Highest price p		Lowest price p		Net income per share p
<b>46. Comparative Table</b>					
<b>a) Performance</b>					
Year ended 31 December 2013					
Income Shares	1,219.82		968.68		14.16
Accumulation Shares	1,811.06		1,438.20		21.02
Institutional Income Shares	1,416.63		1,121.03		22.01
Institutional Accumulation Shares	1,422.71		1,125.80		22.10
Year ended 31 December 2012					
Income Shares	972.36		781.02		11.16
Accumulation Shares	1,426.95		1,131.46		16.24
Institutional Income Shares	1,117.00		995.32		4.78
Institutional Accumulation Shares	1,117.00		995.32		–
Year ended 31 December 2011					
Income Shares	892.95		730.67		9.99
Accumulation Shares	1,293.57		1,058.49		14.47
Year ended 31 December 2010					
Income Shares	876.81		699.71		14.20
Accumulation Shares	1,249.42		1,000.30		20.27
Year ended 31 December 2009					
Income Shares	755.99		469.40		8.45
Accumulation Shares	1,025.34		803.31		11.94
	<b>December</b>	<b>December</b>	<b>December</b>	<b>December</b>	<b>December</b>
<b>b) Net asset value</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Value of the Fund	£251,560,021	£140,271,121	£182,201,122	£230,789,587	£265,987,669
Total shares in issue – A Class					
Income Shares	2,921,356	3,819,139	7,097,100	8,699,231	18,167,765
Accumulation Shares	4,975,566	5,344,369	11,266,782	12,646,004	13,233,737
Total shares in issue – Institutional Class					
Income Shares	3,413,955	1,562,330	–	–	–
Accumulation Shares	5,525,528	983,854	–	–	–
Deemed net asset value per share in issue – A Class					
Income Shares	1,219.78	953.85p	771.03p	854.17p	717.20p
Accumulation Shares	1,811.02	1,416.16p	1,131.46p	1,237.40p	1,025.34p
Deemed net asset value per share in issue – Institutional Class					
Income Shares	1,416.62	1,103.82p	–	–	–
Accumulation Shares	1,422.71	1,108.60p	–	–	–



31 December 2013

## Notes to the Financial Statements

c) Performance Return	2013	2012	2011	2010	2009
Accumulation Shares	27.88%	25.16%	(8.56%)	20.68%	28.27%

### d) Portfolio Turnover Rate

The Portfolio Turnover Rate ("PTR") for the year ended 31 December 2013 is 29.90% (31 December 2012: (25.90%)). The PTR is calculated as the total security transactions (purchases and sales) less the total subscriptions and redemptions, divided by the average net assets of the relevant Fund.

### e) Total Expense Ratios

The Total Expense Ratio ("TER") of the A class for the year ended 31 December 2013 was 1.62% (31 December 2012: 1.67%) and 1.17% (31 December 2012: 1.23%) for the Institutional class.

The TER is a fee based calculation showing the fees charged to a Fund as a percentage of average NAV for the year.

The TER calculation for the Fund is made up of:

- (1) 1.5% per annum, payable to the ACD for "A" shares, and 1.05% per annum for Institutional shares
- (2) Depositary fees of 0.0125% (plus Value Added Tax) per annum. Additional charges to the depositary include custody and transaction charges and safekeeping fees.
- (3) Registrar fees made up of a charge per shareholder and a charge per share movement and;
- (4) Other expenses covers a number of items such as marketing costs, directors meeting costs and costs of printing financial reports.

# GAM European Systematic Value & Income

31 December 2013

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

## Statement of Total Return

for the year ended

	Notes	31 December 2013		31 December 2012	
		£	£	£	£
Net (losses)/gains on investments during the year	47		–		–
Other losses	48		–		(8)
Income	49	–		–	
Expenses	50	–		–	
Finance costs: Interest	52	–		–	
Net income before taxation		–		–	
Taxation	51	11,255		440	
Net income after taxation			11,255		440
<b>Total return before distribution</b>			11,255		432
Finance costs: Distribution	52		–		(432)
<b>Change in net assets attributable to shareholders funds from investment activities</b>			11,255		–

## Statement of Change in Net Assets attributable to Shareholders

for the year ended

	31 December 2013		31 December 2012	
	£	£	£	£
<b>Net assets at start of the year</b>		–		–
Movement due to issue/(cancellation) of shares				
Amounts received on issue of shares		–		–
Less: Amounts paid on cancellation of shares		(11,255)		–
		(11,255)		–
Stamp duty reserve tax		–		–
Change in net assets attributable to the shareholders		11,255		–
Retained distribution on accumulation shares		–		–
<b>Net assets attributable to shareholders at end of year</b>		–		–

# GAM European Systematic Value & Income

31 December 2013

## Balance Sheet

as at	Notes	31 December 2013		31 December 2012	
		£	£	£	£
<b>Assets</b>					
Portfolio of investments	2(b)				
Debtors	53	–		10,669	
Cash and bank balances	54	2,439		5	
Total other assets			2,439		10,674
<b>Total assets</b>			2,439		10,674
<b>Liabilities</b>					
Creditors	55	2,439		10,674	
Distribution payable on income shares		–		–	
Total other liabilities			2,439		10,674
<b>Total liabilities</b>			2,439		10,674
<b>Net assets attributable to the shareholders</b>			–		–

# GAM European Systematic Value & Income

31 December 2013

## Notes to the Financial Statements

for the year ended

31 December 2013

31 December 2012

£

£

### 47. Net capital (losses)/gains on investments during the year

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

Non-derivative securities	–	–
Derivative securities	–	–
	–	–

### 48. Other losses

Other losses comprise:

Realised currency losses	–	(8)
	–	(8)

### 49. Income

UK dividends	–	–
Overseas dividends	–	–
Bond Interest	–	–
Bank interest	–	–
Dividend withholding tax Refund	–	–
	–	–

### 50. Expenses

**Payable to the ACD, associates of the ACD and agents of either of them:**

ACD's periodic charge	–	–
-----------------------	---	---

**Payable to the Depositary, associates of the Depositary and agents of either of them:**

Depositary's fee	–	–
Safekeeping charge	–	–

### Other expenses

Audit fees	–	–
Registration fees	–	–
FCA	–	–
Other expenses	–	–
Total expenses	–	–

# GAM European Systematic Value & Income

31 December 2013

## Notes to the Financial Statements

for the year ended

	31 December 2013	31 December 2012
	£	£
<b>51. Taxation</b>		
<b>a) Analysis of tax charge in year</b>		
Income tax recovered	–	(440)
Overseas withholding tax on dividends received	(11,255)	–
Total	(11,255)	(440)
<b>b) Factors affecting tax charge for the year</b>		
Net income before taxation	–	–
Net income at the applicable rate of UK corporation tax of 20% (2012: 20%)	–	–
<b>Effects of:</b>		
Overseas tax (net of UK relief)	–	–
Non-taxable UK dividends	–	–
Non-taxable Overseas dividends	–	–
Movement in accrued income	–	–
Movement in excess tax losses	–	–
Income tax recovered	–	(440)
Overseas withholding tax on dividends received	(11,255)	–
Tax charge for the year	(11,255)	(440)
<b>c) Factors that may affect future tax charges</b>		
At 31 December 2012, the Fund has estimated unrecognised excess tax losses of £nil (31 December 2011: £nil).		
<b>52. Finance costs</b>		
The distribution takes account of income received on the issue of shares and income deducted on cancellation of shares, and comprises:		
Final	–	432
Net distribution for year	–	432
Interest	–	–
Total finance costs	–	432
<b>53. Debtors</b>		
Accrued income	–	10,669
	–	10,669
<b>54. Cash and bank balances</b>		
Cash and bank balances	2,439	5
	2,439	5

# GAM European Systematic Value & Income

31 December 2013

for the year ended	31 December 2013 £	31 December 2012 £
<b>55. Creditors</b>		
Amounts payable on cancellation of shares	–	10,674
Accrued Expenses	2,439	–
	2,439	10,674

## 56. Comparative Table

	Highest price p	Lowest price p	Net income per share p
<b>a) Performance</b>			
Year ended 31 December 2013			
Income Shares	–	–	–
Accumulation Shares	–	–	–
Year ended 31 December 2012			
Income Shares	–	–	–
Accumulation Shares	–	–	–
Year ended 31 December 2011			
Income Shares	–	–	–
Accumulation Shares	–	–	–
Year ended 31 December 2010			
Income Shares	–	–	–
Accumulation Shares	–	–	–
Year ended 31 December 2009			
Income Shares	82.55	58.77	2.3211
Accumulation Shares	90.60	62.24	2.4582

# GAM European Systematic Value & Income

31 December 2013

## Notes to the Financial Statements

	December 2013	December 2012	December 2011	December 2010	December 2009
<b>b) Net asset value</b>					
Value of the Fund	£0	£0	£0	£0	£0
Total shares in issue					
Income shares	–	–	–	–	–
Accumulation Shares	–	–	–	–	–
Deemed net asset value per share in issue					
Income shares	–	–	–	–	–
Accumulation Shares	–	–	–	–	–
<b>c) Performance</b>					
Accumulation shares	–	–	–	–	–

### d) Portfolio Turnover Rate (unaudited)

The Portfolio Turnover Rate (“PTR”) for the year ended 31 December 2012 is nil% (31 December 2012: nil%). The PTR is calculated as the total security transactions (purchases and sales) less the total subscriptions and redemptions, divided by the average net assets of the Fund.

### e) Total Expense Ratios (unaudited)

The Total Expense Ratio (“TER”) of the Fund for the year ended 31 December 2012 was nil% (31 December 2012: nil%).

The TER is a fee based calculation showing the fees charged to a Fund as a percentage of average NAV for the year.

The TER calculation for the Fund is made up of:

- (1) 1.5% per annum, payable to the ACD for “A” shares (all Funds).
- (2) Depositary fees of 0.0125% (plus Value Added Tax) per annum. Additional charges to the depositary include custody and transaction charges and safekeeping fees.
- (3) Registrar fees made up of a charge per shareholder and a charge per share movement and;
- (4) Other expenses covers a number of items such as marketing costs, directors meeting costs and costs of printing financial reports.

# Distribution Table

31 December 2013

	Net Income 2013 pence per share	Equalisation 2013 pence per share	Distribution payable 2013 pence per share	Net Income 2012 pence per share
<b>GAM Global Diversified</b>				
Income shares				
Group 1	4.8600	–	4.8600	24.8500
Group 2	4.2208	0.6392	4.8600	11.1610
Accumulation shares				
Group 1	6.4300	–	6.4300	32.5400
Group 2	–	6.4300	6.4300	22.2880
Institutional Income shares				
Group 1	8.7400	–	8.7400	17.3800
Group 2	8.6291	0.1109	8.7400	5.9433
Institutional Accumulation shares				
Group 1	8.7400	–	8.7400	–
Group 2	0.2891	8.4509	8.7400	–
<b>GAM UK Diversified</b>				
Income shares				
Group 1	14.1600	–	14.1600	11.1600
Group 2	8.5192	5.6408	14.1600	3.8215
Accumulation shares				
Group 1	21.0200	–	21.0200	16.2400
Group 2	10.6444	10.3756	21.0200	8.6691
Institutional Income shares				
Group 1	22.0100	–	22.0100	4.7800
Group 2	8.9605	13.0495	22.0100	1.6599
Institutional Accumulation shares				
Group 1	22.1000	–	22.1000	–
Group 2	2.2569	19.8431	22.1000	–
<b>GAM North American Growth</b>				
Income shares				
Group 1	–	–	–	–
Group 2	–	–	–	–
Accumulation shares				
Group 1	–	–	–	–
Group 2	–	–	–	–
Institutional Income shares				
Group 1	0.5300	–	0.5300	0.5200
Group 2	0.1438	0.3862	0.5300	0.5197
Institutional Accumulation shares				
Group 1	0.5300	–	0.5300	0.5200
Group 2	0.2048	0.3252	0.5300	0.3905



31 December 2013

	Net Income 2013 pence per share	Equalisation 2013 pence per share	Distribution payable 2013 pence per share	Distribution payable 2012 pence per share
<b>GAM European Systematic Value &amp; Income</b>				
<b>Interim</b>				
Income shares				
Group 1	–	–	–	–
Group 2	–	–	–	–
Accumulation shares				
Group 1	–	–	–	–
Group 2	–	–	–	–
<b>Final</b>				
Income shares				
Group 1	–	–	–	–
Group 2	–	–	–	–
Accumulation shares				
Group 1	–	–	–	–
Group 2	–	–	–	–

#### 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.

31 December 2013

## **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, and to lay copies of the Annual Report before the Company in general meeting. 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 October 2010;
- 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 the Depositary's Responsibilities**

The Depositary is under a duty to take into custody and to hold the property of the Company on behalf of the shareholders. Under the Regulations relating to the Reports, it is the duty of the Depositary to enquire into the conduct of the Authorised Corporate Director in the management of the Company in each annual accounting period and report thereon to shareholders in a report which shall contain the matters prescribed by the Regulations. A copy of the Depositary's report is included in this Report.

31 December 2013

## Report of the Depositary

### To the shareholders of GAM Funds

The depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of income that arises from that property.

It is the duty of the depositary to take reasonable care to ensure that the Company is managed by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Scheme Sourcebook ("the COLL Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Company's Instrument of Incorporation and Prospectus, as appropriate, in relation to the pricing of, and dealings in, shares in the Company; the application of income of the Company; and the investment and borrowing powers of the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Corporate Director:

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

J.P. Morgan Trustee and Depositary Company Limited

Bournemouth

29 April 2014

For and on behalf of The Bank of J.P. Morgan Trustee and Depositary Company Limited.

## Independent Auditor's Report to the Members of GAM Funds

We have audited the financial statements of GAM Funds (the "Company") for the year ended 31 December 2013 which comprise the aggregated statement of total return, the aggregated statement of change in net assets attributable to shareholders, the aggregated balance sheet and related notes and for each of the Company's sub-funds, the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, the related notes and the distribution tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

### Respective responsibilities of director and auditors

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members 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.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds at 31 December 2013 and of the net revenue/(expenses) and the net capital gains/(losses) of the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

31 December 2013

## **Independent Auditor's Report to the Members of GAM Funds, continued**

### **Opinion on other matters prescribed 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; and
- 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.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

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

PricewaterhouseCoopers  
Chartered Accountants and Statutory Auditors  
Dublin

29 April 2014

### **Notes:**

- The maintenance and integrity of the GAM.com 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.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

31 December 2013

## General Information

### The Company

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

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

The ACD is the sole director of GAM Funds and is responsible for all aspects of administration and management within the OEIC. The ACD is GAM Sterling Management Limited (authorised and regulated by the FCA), 12 James Place, London SW1A 1NX, United Kingdom.

### The Depositary

The Depositary acts as the custodian for all assets relating to the Company. The Depositary is JP Morgan Trustee and Depositary Company Limited (authorised and regulated by the FCA), Chaseside, Bournemouth BH7 7DA, United Kingdom.

### Minimum initial investment

The minimum initial investment in any Fund is £6,000 for the A classes and £12,000,000 for the Institutional classes.

### 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 ACD 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

Any income distribution are normally made on 28 February.

### Stamp Duty Charges

The liability for payment of this Stamp Duty Reserve Tax ("SDRT") lies with the ACD of an OEIC. The regulations that cover Collective Investment Schemes allow the ACD to levy an SDRT provision against the individual purchase and sale of shares. Accordingly this would, if imposed, increase the cost of buying and selling shares and lessen the proceeds of sales by the investor. Although the ACD does not intend to make any special arrangements for SDRT on large transactions it does however reserve the right to charge this duty to individual investors in circumstances where the remaining investors would be disadvantaged if a charge were not made. In this respect deals in excess of £15,000 may be subject to the charge.

The SDRT charges on OEIC's and Unit Trusts have been abolished from 30 March 2014.

### 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 of 1.50% for 'A' shares (all Funds), 1.05% for Institutional shares of GAM Global Diversified and GAM UK Diversified and 0.90% for Institutional shares of GAM North American Growth is deducted out of the property of the Company.

31 December 2013

## Taxation for UK Shareholders

The net income of the Company is distributed to shareholders annually together with certificates for shareholders tax credits. The income amounts are accumulated and are treated for tax purposes as distributions of income with related tax credits. Individual investors may be liable to higher rate tax on distributions.

Gains within each Fund are exempt from capital gains tax. Individual shareholders in the UK may be liable to tax on all or part of the realised capital gain when shares are sold if their total realised capital gains (after indexation allowance and/or taper relief) from all sources exceeds the exempt amount for the year. For the tax year 2013/2014 the exempt amount is £10,900.

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.

## 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.

## 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.

## General Information

### 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 Anlagefonds AG, 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 Anlagefonds AG  
Hardstrasse 201  
P.O. Box  
CH 8037 Zurich  
Schweiz

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 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, are the Schweizerisches Handelsamtsblatt (Swiss Commercial Gazette) and the internet platforms [www.swissfunddata.ch](http://www.swissfunddata.ch) and [www.fundinfo.com](http://www.fundinfo.com).

The net asset value per share of each Fund shall be published on each day on which shares are issued or redeemed, but at least twice a month, with the reference "plus commission" on the internet platforms [www.swissfunddata.ch](http://www.swissfunddata.ch) and [www.fundinfo.com](http://www.fundinfo.com).

### 5. 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.

### 6. Purchases and Sales

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

### 7. Fees

An annual charge of 1.50% for 'A' shares (all Funds), 1.05% for institutional shares of GAM Global Diversified and GAM UK Diversified and 0.90% for institutional shares of GAM North American Growth. In general, the periodic charge of 1.5% charged to the property of the 'A' shares of the Fund 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. Payments for the distribution of the Fund to distributors and selling agents (trailer fees) as well as institutional investors (reimbursements) who from a commercial perspective are holding the fund shares for third parties, will be paid from management fees.

31 December 2013

## **Contacts**

### **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 6093974  
Fax: +353 (0) 1 8290778  
E-mail: Dealing-Dub@gam.com

### **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 6093927  
Fax: +353 (0) 1 6117941  
E-mail: info@gam.com  
GAM on the internet: www.gam.com

