

# GAM Funds

## Half-Yearly Report (unaudited)

June 2014

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

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Head of Legal (UK)  
GAM Sterling Management Limited

### **Andrew Hanges**

Region Head (UK)  
GAM Sterling Management Limited

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Finance Director  
GAM Sterling Management Limited

### **Darren Nicholls**

Head of Risk (UK)  
GAM Sterling Management Limited

### **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)  
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## **Depository**

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## **Investment Adviser**

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## **Independent Auditors**

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## **Registrar**

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## **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	48
Distribution Table	51
General Information	52
Contacts	54

## Authorised Corporate Director's Report

The Authorised Corporate Director ("ACD") presents its half-yearly report and interim financial statements for the period.

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 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, Statement of Change in Net Assets attributable to Shareholders and related notes are for the period ended 30 June 2014, comparatives for the Portfolio Analysis, 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 August 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 period ended

	Notes	30 June 2014		30 June 2013	
		£	£	£	£
<b>Income</b>					
Net gains on investments during the period	3		9,080,861		94,026,643
Other (losses)/gains	4		(1,891,502)		1,373,360
Income	5	10,092,198		7,849,558	
Expenses	6	(6,576,231)		(4,517,402)	
Net revenue before taxation		3,515,967		3,332,156	
Taxation	7	(711,118)		(446,632)	
Net revenue after taxation			2,804,849		2,885,524
<b>Change in net assets attributable to shareholders from investment activities</b>			9,994,208		98,285,527

## Aggregated Statement of Change in Net Assets Attributable to Shareholders for the period ended

		30 June 2014		30 June 2013	
		£	£	£	£
<b>Net assets attributable to shareholders at the start of the period</b>			934,189,026		538,902,519
Movement due to issue/(cancellation) of shares					
Amounts receivable on issue of shares	366,668,109			223,874,536	
Less: Amounts payable on cancellation of shares	(169,162,669)			(169,700,343)	
			197,505,440		54,174,193
Dilution levy			–		–
Stamp duty reserve tax			(67,762)		(31,617)
Change in net assets attributable to shareholders from investment activities (see above)			9,994,208		98,285,527
<b>Net assets attributable at the end of the period</b>			1,141,620,912		691,330,622

## Aggregated Balance Sheet

as at

	Notes	30 June 2014 £	31 December 2013 £
<b>Assets</b>			
Portfolio of investments	2(b)	936,612,293	777,513,141
Debtors	8	22,823,298	3,000,674
Amounts receivable on forward currency contracts	14(e)	132,342	1,921,999
Cash and bank balances	9	219,174,610	157,388,101
Total other assets		242,130,250	162,310,774
<b>Total assets</b>		<b>1,178,742,543</b>	<b>939,823,915</b>
<b>Liabilities:</b>			
Creditors	10	36,845,547	4,166,934
Bank overdraft	9	276,084	–
Distribution payable on income shares		–	1,467,955
Total other liabilities		37,121,631	5,634,889
<b>Total liabilities</b>		<b>37,121,631</b>	<b>5,634,889</b>
<b>Net assets attributable to shareholders</b>		<b>1,141,620,912</b>	<b>934,189,026</b>

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

Andrew Hanges

Craig Wallis

on behalf of GAM Sterling Management Limited as Authorised Corporate Director

29 August 2014

## Notes to the Aggregated Financial Statements

### 1. GAM Funds

As at 30 June 2014 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 30 June 2014. 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 period are translated at the rate ruling at the date of the transaction.

Assets and liabilities in foreign currencies are expressed in Pound sterling at the rate of exchange ruling at the balance sheet date.

The following rates of exchange have been used at the period end:

	30 June 2014	31 December 2013
Australian dollar	1.8139	1.8564
Canadian dollar	1.8248	1.7576
Euro	1.2495	1.204
Japanese yen	173.3413	174.2383
New Zealand dollar	1.9526	2.0125
Norwegian krone	10.4977	10.0361
South African rand	18.2025	17.2782
Thai baht	55.4962	54.1185
US dollar	1.7110	1.655

(e) Management expenses are charged against income and considered 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 period ended 30 June 2014 was 20% (2013: 20%).

3. Net capital gains on investments	30 June 2014 £	30 June 2013 £
The net capital gains on investments during the period comprise:		
Non-derivative securities	8,081,295	86,880,613
Derivative securities	999,566	7,146,030
Net gains on investments	9,080,861	94,026,643

## Notes to the Aggregated Financial Statements

4. Other (losses)/gains	30 June 2014 £	30 June 2013 £
Other (losses)/gains comprise:		
Realised currency (losses)/gains	(1,891,502)	1,373,360
	(1,891,502)	1,373,360

5. Income	30 June 2014 £	30 June 2013 £
UK dividends	4,739,081	3,454,538
Overseas dividends	5,333,359	4,389,078
Bank interest	8,430	5,942
Bond interest	11,328	–
	10,092,198	7,849,558

6. Expenses	30 June 2014 £	30 June 2013 £
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	6,245,266	4,338,305
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	76,292	48,401
Safekeeping charge	51,522	15,886
<b>Other expenses</b>		
Audit fees	19,028	20,286
Registration fees	12,749	16,184
FCA	900	900
Other	170,474	77,440
Total expenses	6,576,231	4,517,402

7. Taxation	30 June 2014 £	30 June 2013 £
<b>a) Analysis of tax charge in period</b>		
Overseas tax	711,118	446,632
Total	711,118	446,632

b) Factors affecting tax charge for the period		
Net income before taxation	3,515,967	3,332,156
Net income at the applicable rate of UK corporation tax of 20% (2013: 20%)	703,193	666,431
Effects of:		
Overseas tax (net of UK relief)	711,118	446,632
Non-taxable UK dividends	(947,816)	(1,568,723)
Movement in excess tax losses	(1,066,672)	902,292
Double tax relief	1,311,245	–
Tax charge for the period	711,118	446,632

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

At 30 June 2014, the sub-funds has estimated unrecognised excess tax losses of £92,963,694 (31 December 2013: £86,561,221).

8. Debtors	30 June 2014 £	31 December 2013 £
Amounts receivable for shares issued	9,029,533	1,985,815
Bond interest receivable	8,637	–
Sales awaiting settlement	1,647,108	–
Accrued income	12,138,020	1,014,859
	22,823,298	3,000,674

9. Cash and bank balances	30 June 2014 £	31 December 2013 £
Cash and bank balances	219,174,610	157,388,101
Bank overdraft	(276,084)	–
	218,898,526	157,388,101

10. Creditors	30 June 2014 £	31 December 2013 £
Amounts payable for shares cancelled	11,280,515	1,226,953
Purchases awaiting settlement	13,469,133	1,674,721
Accrued expenses	12,095,899	1,265,260
	36,845,547	4,166,934

There were no contingent liabilities as at 30 June 2014.

### 11. Related Party Transactions

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

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

At the period end accrued expenses included amounts owing to the ACD of £1,167,029 (31 December 2013: £1,030,826). The charge for the period is disclosed in Note 6.

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

### 12. Events after the Balance Sheet date

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

### 13. Share classes

The Company has three share classes; A shares, B shares and Institutional shares. At the period end only A shares and Institutional shares have been allocated. The annual management charge on these share classes is 1.50% for A and B 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, 46 and 50.



## Notes to the Aggregated Financial Statements

### 14. Derivatives and other financial instruments

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

#### (a) Market price risk

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

The VaR is an estimate of the maximum loss the 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 30 June 2014 and 31 December 2013 was 2.23% and 3.05% respectively and the average VaR for the period to 30 June 2014 and year to 31 December 2013 was 2.36% and 2.77% respectively (expressed as a % of NAV).

For GAM North American Growth the VaR as at 30 June 2014 and 31 December 2013 was 2.32% and 4.67% respectively and the average VaR for the period to 30 June 2014 and year to 31 December 2013 was 2.29% and 2.86% respectively (expressed as a % of NAV).

For GAM UK Diversified the VaR as at 30 June 2014 and 31 December 2013 was 2.33% and 2.95% respectively and the average VaR for the period to 30 June 2014 and year to 31 December 2013 was 2.24% and 2.43% 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 14(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 30 June 2014:

	<b>&lt;1 month £</b>
Amounts payable on forward contracts	42,742,071
Amounts payable for shares cancelled	11,280,515
Purchases awaiting settlement	13,469,133
Accrued expenses	12,095,899
Net assets attributable to shareholders	1,141,620,912
	1,221,208,530

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 on income shares	1,467,955
Net assets attributable to shareholders	934,189,026
	1,003,779,382

#### (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 30 June 2014 the Company held cash deposits of £144,606,147 (31 December 2013: £100,588,042) with J.P. Morgan Trustee and Depositary Company Limited and £74,289,940 (31 December 2013: £56,797,620) with UBS AG and £2,439 (31 December 2013: £2,439) 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.

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

As at 30 June 2014:

Purchase currency	Contractual amount	Sale currency	Contractual amount	Maturity date	Unrealised gain US\$
GBP	42,742,071	JPY	(7,381,000,000)	2014/08/14	132,342
					132,342

## Notes to the Aggregated Financial Statements

As at 31 December 2013:

Purchase currency	Contractual amount	Sale currency	Contractual amount	Maturity date	Unrealised gain/(loss) 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

There were no forward foreign exchange transactions open at 30 June 2014 or 31 December 2013 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 period 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

### 14. 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	30 June 2014 Net Currency Exposure	31 December 2013 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	92,864	–	–	92,864	75,020
Japanese yen	107,532	578	(42,742)	65,369	17,327
Noregian Krone	5,393		–	5,393	4,895
South African rand	2,135	0	–	2,135	656
US dollar	97,504	77,940	–	175,445	130,329
	305,428	78,519	(42,742)	341,206	228,227
<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	204	–	-	204	110
Euro	418	0	-	418	456
Japanese yen	24,560	(22)	-	24,538	15,191
US dollar	–	2	-	2	2
	25,181	(20)	-	25,161	15,759
<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>
US dollar	300,093	57,028	-	357,121	310,927
	300,093	57,028	-	357,121	310,927

## Notes to the Aggregated Financial Statements

### 15. Portfolio transaction costs

Analysis of total purchase costs	30 June 2014		30 June 2013	
	£000's	£000's	£000's	£000's
Purchases in period before transaction costs		341,080		240,999
Commissions	471		227	
Taxes	68		65	
Total purchases costs		539		292
Gross purchases total		341,619		241,291
<b>Analysis of total sales costs</b>				
Sales in period before transaction costs		193,606		237,621
Commissions	254		323	
Total sales costs		254		323
Gross sales total		193,860		237,944

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## 30 June 2014

### Commentary

The Fund's NAV (as measured by the A Class) rose 0.6% during the period compared to the MSCI World Index rise of 3.2% (in sterling terms).

The largest detractors from relative performance against the MSCI World Index were Consumer Discretionary, Health Care and Financials primarily due to stock selection. The largest contributors were Telecommunication Services, Industrials and Materials due to stock selection. The top three holdings contributing for the period were Walgreen, Orange and First Solar. The bottom three were Sumitomo Mitsui Financial, Pearson and Metro.

Overall, we have structured the portfolio to reflect our relatively cautious approach. We believe the backdrop for investment is being driven by sentiment and liquidity rather than fundamentals and valuation. More specifically, the performance of US equities to date has been driven by increasing valuation multiples rather than high earnings growth. Profits did grow quickly following the trough in the economic cycle, but the rate of growth has slowed considerably since. With this in mind, we have adopted a barbell approach, balancing out potentially higher return yet riskier seedling positions with holdings in companies that are generating more consistent performance. This also manifests itself in our continuing bias to larger companies where we see a more attractive risk / return profile. Alongside this, we retain our relatively high cash balance as it provides us with the flexibility to react to market changes, as and when they occur.

### Portfolio Analysis

	30 June 2014	31 December 2013
Analysis, by geographical area	%	%
Japan	21.34	21.35
United Kingdom	19.51	17.11
United States	18.85	16.96
Germany	5.77	5.25
Italy	5.51	4.61
France	3.69	4.05
Netherlands	2.21	3.08
Norway	1.07	1.32
South Africa	0.94	0.42
Switzerland	0.91	0.99
Spain	0.36	–
Greece	–	2.21
Net current assets	19.84	22.65
	100.00	100.00

	30 June 2014	31 December 2013
Analysis, by sector	%	%
Banks	12.00	10.68
Energy	10.87	6.20
Materials	9.06	3.68
Telecommunication Services	7.83	7.98
Diversified Financials	5.28	2.00
Capital Goods	4.81	4.25
Food & Staples Retailing	3.68	5.40
Consumer Durables & Apparel	3.32	2.42
Pharmaceuticals & Biotechnology	3.16	3.70
Software & Services	3.01	5.31
Semiconductors & Semiconductor		
Equipment	2.61	2.74
Insurance	2.42	5.49
Food Beverage & Tobacco	2.35	3.04
Commercial & Professional Services	2.09	2.61
Utilities	2.06	1.43
Retailing	2.02	1.80
Media	1.09	5.59
Household & Personal Products	0.91	0.62
Fixed Interest	0.73	
Transportation	0.50	0.18
Technology Hardware & Equipment	0.25	1.48
Consumer Services	0.10	0.16
Automobiles & Components	0.00	0.00
Real Estate	0.00	0.20
Health Care Equipment & Services	0.00	0.39
Net current assets	19.84	22.65
	100.00	100.00

	30 June 2014	31 December 2013
Analysis, by investment	%	%
Equity Quoted	79.07	76.83
Government bonds	0.73	0.00
Equity Unquoted	0.36	0.00
Equity Warrants	–	0.52
Net current assets	19.84	22.65
	100.00	100.00

30 June 2014

## Portfolio Statement

Holdings	Description	Bid value £	% of Net Assets
<b>Japan 21.34% (December 2013: 21.35%)</b>			
4,295,335	Mitsubishi UFJ Financial Group	15,388,160	3.06
604,068	Sumitomo Mitsui Financial Group	14,787,953	2.94
2,692,240	Nomura Holdings	11,143,810	2.21
246,200	Nippon Telegraph & Telephone	8,974,999	1.78
822,755	Sony	7,988,269	1.59
669,400	Misawa Homes	5,143,846	1.02
2,342,100	Yamada Denki Company	4,884,406	0.97
1,310,700	Resona Holdings	4,457,436	0.89
51,900	Nintendo	3,632,584	0.72
399,700	Inpex	3,549,865	0.71
72,960	Mabuchi Motor Company	3,228,332	0.64
435,100	SBI Holdings Inc/Japan	3,115,006	0.62
355,200	Kirin Holdings	2,997,887	0.60
275,300	Fuji Media	2,792,844	0.55
78,055	SECOM	2,788,462	0.55
54,700	East Japan Railway	2,516,137	0.50
278,100	IIDA Group Holdings	2,466,688	0.49
91,100	Pola Orbis Holdings	2,148,197	0.43
1,039,750	Daiei Inc/The	1,832,475	0.36
78,000	FUJIFILM Holdings	1,271,867	0.25
39,900	Hoshizaki Electric	1,160,116	0.23
604,000	Sharp Corp/Japan	1,130,706	0.22
		107,400,045	21.34
<b>United Kingdom 19.51% (December 2013: 17.11%)</b>			
3,759,422	BP	19,359,142	3.85
4,126,188	Royal Bank of Scotland Group	13,552,464	2.69
1,010,274	BG Group	12,479,410	2.48
823,538	Anglo American	11,778,652	2.34
1,659,330	Aviva	8,466,731	1.68
518,369	GlaxoSmithKline	8,105,995	1.61
24,600,559	Vernalis	7,810,677	1.55
5,310,616	Rentokil Initial	5,908,060	1.17
2,063,963	Barclays	4,391,081	0.87
1,777,433	Lonmin PLC Ord. USD 1.00	4,215,182	0.84
217,729	AngloGold Ashanti	2,125,121	0.42
		98,192,519	19.51

30 June 2014

## Portfolio Statement

Holdings	Description	Bid value £	% of Net Assets
<b>United States 18.85% (December 2013: 16.96%)</b>			
992,275	Newmont Mining	14,756,449	2.93
286,178	Walgreen Company	12,398,826	2.46
394,478	eBay	11,542,698	2.29
665,502	General Electric Company	10,219,801	2.03
206,250	First Solar	8,566,434	1.70
283,705	Citigroup	7,808,941	1.55
168,825	Baker Hughes	7,346,508	1.46
289,123	AT&T	5,974,256	1.19
1,221,775	Frontier Communications	4,166,606	0.83
6,340,000	Us Treasury N/B .625% 2017-02-15	3,696,535	0.73
646,223	JC Penney Company USD 0.50	3,419,961	0.68
293,603	Alcoa	2,554,228	0.51
282,403	Avon Products	2,410,578	0.48
405,462	Enova Systems (Ordinary)	10,137	0.00
177,818	Enova Systems	5,335	0.00
		94,877,393	18.85
<b>Germany 5.77% (December 2013: 5.25%)</b>			
597,459	Deutsche Bank	12,297,079	2.44
862,044	E.ON SE	10,393,544	2.06
241,053	Metro	6,142,578	1.22
87,175	Singulus Technologies	183,002	0.04
1,003,231	Arcandor	16,058	0.00
		29,032,261	5.77
<b>Italy 5.51% (December 2013: 4.61%)</b>			
760,712	Saipem	11,978,435	2.38
1,696,088	Finmeccanica	9,423,872	1.87
6,661,038	Telecom Italia	4,931,156	0.98
698,793	Parlamat	1,397,590	0.28
		27,731,053	5.51
<b>France 3.69% (December 2013: 4.05%)</b>			
611,958	Vivendi	8,752,079	1.74
716,943	Orange	6,617,184	1.31
561,620	Havas	2,697,088	0.54
165,226	Euro Disney	524,969	0.10
		18,591,320	3.69
<b>Netherlands 2.21% (December 2013: 3.08%)</b>			
289,977	Unilever	7,413,061	1.48
724,972	Aegon	3,698,848	0.73
		11,111,909	2.21



30 June 2014

## Portfolio Statement

Holdings	Description	Bid value £	% of Net Assets
	<b>Norway 1.07% (December 2013: 1.32%)</b>		
1,723,794	Norsk Hydro	5,392,572	1.07
		5,392,572	1.07
	<b>South Africa 0.95% (December 2013: 0.42%)</b>		
1,524,581	Harmony Gold Mining ADRs	2,641,955	0.52
1,013,465	Gold Fields	2,134,949	0.42
		4,776,904	0.94
	<b>Switzerland 0.91% (December 2013: 0.99%)</b>		
874,073	STMicroelectronics	4,584,788	0.91
		4,584,788	0.91
	<b>Spain 0.36% (December 2013: 0.00%)</b>		
150,000	Applus Services	1,812,731	0.36
		1,812,731	0.36
<b>Total investments</b>		403,503,495	80.16
<b>Net current assets</b>		99,850,755	19.84
<b>Total net assets</b>		503,354,250	100.00

## Statement of Material Portfolio Changes for the period ended 30 June 2014

Major Purchases	Cost £000's	Major Sales	Proceeds £000's
Deutsche Bank	13,782	Aviva	8,929
GlaxoSmithkline	12,161	Piraeus Bank	7,357
Anglo American	11,831	Pearson	6,227
BG	11,327	ITV	5,655
Royal Bank of Scotland Group	10,745	Deutsche Telekom	5,643
Newmont Mining	9,855	Pfizer	4,863
Mitsubishi UFJ Financial	9,360	GlaxoSmithkline	3,763
General Electric	8,087	Xerox	2,932
Sumitomo Mitsui Financial Group	7,969	Nintendo	2,547
E.ON	7,868	NEC	2,359
Saipem	7,368	General Electric	2,228
Barclays O	6,460	Hellenic Financial Stability Warrants 02-01-2018	2,205
AT&T	6,003	Commerzbank	2,190
Sony	5,944	Akzo Nobel	2,070
Baker Hughes	4,834	RWE	1,979
Nomura Holdings	4,778	FamilyMart	1,927
Lonmin	4,609	Unilever	1,920
Yamada Denki	4,604	Veolia Environnement	1,734
Resona Holdings	4,427	Telecom Italia	1,715
Vivendi	4,357	Sumitomo Mitsui Financial	1,699
<b>Total for the period</b>	<b>206,692</b>	<b>Total for the period</b>	<b>96,331</b>

## Statement of Total Return for the period ended

	Notes	30 June 2014		30 June 2013	
		£	£	£	£
<b>Income</b>					
Net gains on investments during the period	16		4,208,930		47,801,711
Other (losses)/gains	17		(1,355,615)		1,162,104
Income	18	3,983,574		4,053,099	
Expenses	19	(2,830,509)		(2,103,650)	
Net income before taxation		1,153,065		1,949,449	
Taxation	20	(392,491)		(287,572)	
Net income after taxation			760,574		1,661,877
<b>Change in net assets attributable to shareholders from investment activities</b>			3,613,888		50,625,692

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

	30 June 2014		30 June 2013	
	£	£	£	£
<b>Net assets attributable to shareholders at start of the period</b>		371,728,983		254,749,100
Movement due to issue/(redemption) of shares				
Amounts received on issue of shares	164,109,846		67,794,370	
Less: Amounts paid on redemption of shares	(36,080,685)		(75,216,641)	
		128,029,161		(7,422,271)
Stamp duty reserve tax		(17,782)		–
Change in net assets attributable to the shareholders		3,613,888		50,625,692
<b>Net assets attributable to shareholders at end of the period</b>		503,354,250		297,952,521

## Balance Sheet

as at

	Notes	30 June 2014		31 December 2013	
		£	£	£	£
<b>Assets</b>					
Portfolio of investments	2(b)		403,503,495		287,538,540
Debtors	21	15,441,065		611,765	
Cash and bank balances	22	103,351,825		83,940,156	
Amounts receivable on forward contracts	14(e)	132,342		1,921,999	
Total other assets			118,925,232		86,473,920
<b>Total assets</b>			522,428,727		374,012,460
<b>Liabilities</b>					
Creditors	23	19,074,477		2,003,241	
Distribution payable on income shares		–		280,236	
Total other liabilities			19,074,477		2,283,477
<b>Total liabilities</b>			19,074,477		2,283,477
<b>Net assets attributable to the shareholders</b>			503,354,250		371,728,983

## Notes to the Financial Statements

for the period ended

30 June 2014

30 June 2013

£

£

### 16. Net gains on investments during the year

The net gains on investments during the period comprise:

Non-derivative securities	3,209,364	40,665,681
Forward currency contracts	999,566	7,146,030
	4,208,930	47,801,711

### 17. Other (losses)/gains

Other (losses)/gains comprise:

Realised currency (losses)/gains	(1,355,615)	1,162,104
	(1,355,615)	1,162,104

### 18. Income

UK dividends	862,855	974,531
Overseas dividends	3,110,552	3,077,094
Bond Interest	8,610	–
Bank interest	1,557	1,474
	3,983,574	4,053,099

### 19. Expenses

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

ACD's periodic charge	2,687,326	2,016,999
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**Payable to the Depositary, associates of the Depositary and agents of either of them:**

Depositary's fee	31,911	21,519
Safekeeping charge	26,593	7,225

#### Other expenses

Audit fees	5,663	10,127
Registration fees	4,220	5,394
FCA	300	300
Other	74,496	42,086

Total expenses	2,830,509	2,103,650
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### 20. Taxation

**a) Analysis of tax charge in the period**

Overseas tax	392,491	287,572
Total	392,491	287,572

## Notes to the Financial Statements for the period ended

	30 June 2014 £	30 June 2013 £
<b>b) Factors affecting tax charge for the period</b>		
Net income before taxation	1,153,065	1,949,449
Net income at the applicable rate of UK corporation tax of 20% (2013: 20%)	230,613	389,890
Effects of:		
Overseas tax (net of UK relief)	392,491	287,572
Non-taxable UK dividends	(172,571)	(810,325)
Non-taxable Overseas dividends	(622,111)	–
Movement in accrued income	–	–
Movement in excess tax losses	564,068	420,435
Double tax relief	–	–
Tax charge for the period	392,491	287,572

## c) Factors that may affect future tax charges

At 30 June 2014, the Fund has estimated unrecognised excess tax losses of £29,711,554 (31 December 2013: £26,951,212).

	30 June 2014 £	31 December 2013 £
<b>21. Debtors</b>		
Amounts receivable for issue of shares	5,751,150	394,440
Bond interest receivable	8,637	–
Sales awaiting settlement	1,647,108	–
Accrued income	8,034,170	217,325
	15,441,065	611,765
<b>22. Cash and bank balances</b>		
Cash and bank balances	103,351,825	83,940,156
Bank overdraft	–	–
	103,351,825	83,940,156
<b>23. Creditors</b>		
Purchases awaiting settlement	8,620,801	1,153,411
Amounts payable for cancellation of units	2,107,717	338,154
Accrued expenses	8,345,959	511,676
	19,074,477	2,003,241

## Notes to the Financial Statements

	Highest price p		Lowest price p		Net income per share p
<b>24. Comparative Table</b>					
<b>a) Performance</b>					
Period ended 30 June 2014					
Income Shares	2,929.65		2,763.80		–
Accumulation Shares	3,886.89		3,666.85		–
Institutional Income Shares	1,505.03		1,418.98		–
Institutional Accumulation Shares	1,513.91		1,427.40		–
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	1,482.30		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
<b>b) Net asset value</b>					
Value of the Fund	503,354,250	£371,728,983	£254,749,100	£308,999,549	£515,280,232
Total shares in issue					
Income shares	838,490	844,841	2,488,894	4,980,861	6,960,006
Accumulation Shares	4,637,297	4,717,117	5,881,215	9,173,508	13,485,893
Total shares in issue – Institutional Class					
Income shares	2,762,196	2,737,433	–	–	–
Accumulation shares	17,428,029	8,612,732	2,904,889	–	–
Deemed net asset value per share in issue					
Income shares	2,888.02p	2,874.34p	2,164.47p	1,818.29p	2,105.83p
Accumulation Shares	3,831.66p	3,807.07p	2,866.85p	2,381.02p	2,734.01p
Deemed net asset value per share in issue - Institutional Class					
Income shares	1,485.48p	1,481.38p	–	–	–
Accumulation class	1,494.25p	1,481.38p	1,110.98p	–	–

## Notes to the Financial Statements

	<b>6 months to 30 June 2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>c) Performance Return</b>					
Accumulation Shares	0.65%	32.80%	20.40%	(12.91%)	13.40%

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

The Portfolio Turnover Rate ("PTR") for the year ended 30 June 2014 is 22.98% (31 December 2013: 55.68%). 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 period ended 30 June 2014 was 1.58% (31 December 2013: 1.57%), and 1.14% (31 December 2013: 1.14%) 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 period.

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.



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# GAM North American Growth

Manager: Gordon Grender

## 30 June 2014

### Commentary

The Fund's NAV (as measured by the A Class) rose 1.3% during the period compared to the S&P 500 Index rise of 3.8 % (in sterling terms).

In terms of relative performance against the S&P 500 Index, the largest contribution came from Energy holdings due to stock selection followed by more modest contributions of Consumer Staples and Industrials also due to stock selection. However these were negated by the outperformance of the S&P 500 Index primarily due to both stock selection and the overweight allocation of Consumer Discretionary, particularly in Retailing holdings.

The top three holdings contributing for the period were Halcon, Williams Companies and Mallinckrodt. The bottom three were Conns, Fred's and ICU Medical.

Our view is that the US equity market continues to offer interesting and attractive opportunities to careful stock pickers with a long-term investment perspective. We continue to seek investment ideas especially in the US small and mid-cap segment, which remains generally under-researched by both investors and sell-side analysts.

### Portfolio Analysis

	30 June 2014 %	31 December 2013 %
<b>Analysis, by geographical area</b>		
United States	81.52	84.18
Canada	0.92	0.96
Net current assets	17.56	14.86
	100.00	100.00

	30 June 2014 %	31 December 2013 %
<b>Analysis, by sector</b>		
Capital Goods	18.33	17.23
Energy	13.90	8.89
Retailing	13.20	18.93
Insurance	7.35	8.97
Materials	6.59	7.14
Health Care Equipment & Services	6.53	6.03
Pharmaceuticals & Biotechnology	5.26	3.73
Banks	2.53	2.65
Food Beverage & Tobacco	2.45	6.18
Household & Personal Products	2.13	2.45
Automobiles & Components	1.66	1.80
Diversified Financials	1.66	–
Commercial & Professional Services	0.59	0.85
Semiconductors & Semiconductor Equipment	0.21	0.23
Real Estate	0.04	0.04
Software & Services	0.01	0.02
Net current assets	17.56	14.86
	100.00	100.00

	30 June 2014 %	31 December 2013 %
<b>Analysis, by investment</b>		
Equity Quoted	82.44	85.14
Net current assets	17.56	14.86
	100.00	100.00

# GAM North American Growth

30 June 2014

## Portfolio Statement

Holdings	Description	Mid value £	% of Net Assets
<b>United States</b>			
<b>Capital Goods 18.33% (December 2013: 17.23%)</b>			
700,000	Quanta Services	14,145,248	3.89
150,000	Lockheed Martin	14,090,894	3.87
200,000	Northrop Grumman	13,983,062	3.85
450,000	ESCO Technologies	9,110,469	2.50
179,030	DXP Enterprises	7,908,821	2.17
300,000	Owens Corning	6,782,881	1.86
180,000	Superior Drilling Products	690,123	0.19
		66,711,498	18.33
<b>Energy 13.90% (December 2013: 8.89%)</b>			
6,000,000	Halcon Resources	25,546,485	7.02
300,000	Williams Companies	10,206,320	2.80
150,000	Conoco Phillips	7,515,786	2.06
150,000	Phillips 66	7,051,145	1.94
20,845	WPX Energy	291,355	0.08
		50,611,091	13.90
<b>Retailing 13.20% (December 2013: 18.93%)</b>			
600,000	Conn's	17,319,710	4.76
375,000	Penske Auto Group	10,848,927	2.98
1,200,000	Fred's A	10,713,042	2.94
28,000	AutoZone	8,775,413	2.41
75,000	Christopher & Banks	383,767	0.11
		48,040,859	13.20
<b>Insurance 7.35% (December 2013: 8.97%)</b>			
400,000	WR Berkley	10,826,426	2.97
150,000	Chubb	8,080,369	2.22
200,000	Infinity Property & Casualty	7,854,477	2.16
		26,761,272	7.35
<b>Health Care Equipment &amp; Services 6.53% (December 2013: 6.03%)</b>			
450,000	ICU Medical	15,993,291	4.39
300,000	Carefusion	7,775,284	2.14
		23,768,575	6.53
<b>Materials 5.67% (December 2013: 6.18%)</b>			
725,000	Huntsman	11,904,671	3.27
100,000	Monsanto	7,290,479	2.00
150,000	Synalloy	1,456,605	0.40
		20,651,755	5.67

# GAM North American Growth

30 June 2014

## Portfolio Statement

Holdings	Description	Mid value £	% of Net Assets
<b>Pharmaceuticals &amp; Biotechnology 5.26% (December 2013: 3.73%)</b>			
300,000	Mallinckrodt	14,026,020	3.86
250,000	Pfizer	4,335,918	1.19
41,970	Insys Therapeutics	766,425	0.21
		19,128,363	5.26
<b>Banks 2.53% (December 2013: 2.65%)</b>			
300,000	Wells Fargo & Company	9,215,671	2.53
		9,215,671	2.53
<b>Food Beverage &amp; Tobacco 2.45% (December 2013: 6.18%)</b>			
300,000	Post Holdings	8,926,366	2.45
		8,926,366	2.45
<b>Household &amp; Personal Products 2.13% (December 2013: 2.45%)</b>			
190,000	Church & Dwight	7,767,131	2.13
		7,767,131	2.13
<b>Automobiles &amp; Components 1.66% (December 2013: 1.80%)</b>			
600,000	Ford Motor Company	6,043,839	1.66
		6,043,839	1.66
<b>Diversified Financials 1.66% (December 2013: 0.00%)</b>			
1,200,000	Apollo Investment	6,035,072	1.66
		6,035,072	1.66
<b>Commercial &amp; Professional Services 0.59% (December 2013: 0.85%)</b>			
200,000	R.R. Donnelley & Sons	1,983,053	0.55
10,500	Viad	146,208	0.04
		2,129,261	0.59
<b>Semiconductors &amp; Semiconductor Equipment 0.21% (December 2013: 0.23%)</b>			
143,750	On Semiconductor	767,900	0.21
		767,900	0.21
<b>Real Estate 0.04% (December 2013: 0.04%)</b>			
6,000	Consolidated Tomoka Land	160,959	0.04
		160,959	0.04
<b>Software &amp; Services 0.01% (December 2013: 0.02%)</b>			
5,250	MoneyGram	45,197	0.01
88,000	Clarent	21	0.00
229,449	SoftBrands *Contra Line*	-	-
		45,218	0.01

# GAM North American Growth

30 June 2014

## Portfolio Statement

Holdings	Description	Mid value £	% of Net Assets
85,000	<b>Technology Hardware &amp; Equipment 0.00% (December 2013: 0.00%)</b> Gerber Scientific Contingent Shares	0	–
		0	–
	<b>Canada</b>		
150,000	<b>Materials 0.92% (December 2013: 0.96%)</b> Potash of Saskatchewan	3,328,319	0.92
		3,328,319	0.92
<b>Total investments</b>		300,093,148	82.44
Net current assets		63,923,429	17.56
<b>Net assets</b>		364,016,577	100.00

# GAM North American Growth

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## Statement of Material Portfolio Changes for the period ended 30 June 2014

<b>Purchases for the period</b>	<b>Cost £000's</b>	<b>Sales for the period</b>	<b>Proceeds £000's</b>
Halcon Resources	9,146	Beam	12,360
DXP Enterprises	7,796	Total for the period	12,360
Apollo Investment	5,774		
ICU Medical	5,403		
Mallinckrodt	4,829		
Quanta Services	3,911		
Fred's	2,186		
Superior Drilling Products	428		
Total for the period	39,473		

# GAM North American Growth

## Statement of Total Return

for the period ended

	Notes	30 June 2014		30 June 2013	
		£	£	£	£
<b>Net gains on investments during the period</b>	25		7,141,605		32,301,449
Other (losses)/gains	26		(515,189)		213,060
Income	27	2,016,167		1,063,818	
Expenses	28	(2,013,032)		(1,303,302)	
Net income before taxation		3,135		(239,484)	
Taxation	29	(302,056)		(158,807)	
Net income after taxation			(298,921)		(398,291)
<b>Change in net assets attributable to shareholders from investment activities</b>			6,327,495		32,116,218

## Statement of Change in Net Assets attributable to Shareholders

for the period ended

	30 June 2014		30 June 2013	
	£	£	£	£
<b>Net assets attributable to shareholders at start of the period</b>		310,900,022		143,882,298
Movement due to issue/(redemption) of shares				
Amounts received on issue of shares	140,748,063		129,999,553	
Less: Amounts paid on redemption of shares	(93,959,003)		(60,930,138)	
		46,789,060		69,069,415
Change in net assets attributable to the shareholders		6,327,495		32,116,218
<b>Net assets attributable to shareholders at end of the period</b>		364,016,577		245,067,931

# GAM North American Growth

## Balance Sheet

as at

	Notes	30 June 2014		31 December 2013	
		£	£	£	£
<b>Assets</b>					
Portfolio of investments	2(b)		300,093,148		264,695,135
Debtors	30	5,594,370		1,491,342	
Cash and bank balances	31	74,182,917		46,012,847	
Total other assets			79,777,287		47,504,189
<b>Total assets</b>			<b>379,870,435</b>		<b>312,199,324</b>
<b>Liabilities</b>					
Creditors	32	15,853,858		1,276,366	
Distribution payable on income shares		–		22,936	
Total other liabilities			15,853,858		1,299,302
Total liabilities			15,853,858		1,299,302
<b>Net assets attributable to shareholders</b>			<b>364,016,577</b>		<b>310,900,022</b>



# GAM North American Growth

## Notes to the Financial Statements

for the period ended

30 June 2014

30 June 2013

£

£

### 25. Net gains on investments during the period

The net gains on investments during the period comprise:

Non-derivative securities	7,141,605	32,301,449
	7,141,605	32,301,449

### 26. Other (losses)/gains

Other (losses)/gains comprise:

Realised currency (losses)/gains	(515,189)	213,060
	(515,189)	213,060

### 27. Income

Overseas dividends	2,013,709	1,059,598
Bank interest	2,458	4,220
	2,016,167	1,063,818

### 28. Expenses

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

ACD's periodic charge	1,910,507	1,273,670
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**Payable to the Depositary, associates of the Depositary and agents of either of them:**

Depositary's fee	24,570	15,533
Safekeeping charge	19,510	1,732

#### Other expenses

Audit fees	7,835	5,065
Registration fees	4,310	5,395
FCA	300	300
Other	46,000	1,607

Total expenses	2,013,032	1,303,302
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# GAM North American Growth

## Notes to the Financial Statements for the period ended

**30 June 2014**  
**£**

**30 June 2013**  
**£**

### 29. Taxation

#### a) Analysis of tax charge in the period

Overseas tax	302,056	158,807
Total	302,056	158,807

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

Net income before taxation	3,135	(239,484)
Net income at the applicable rate of UK corporation tax of 20% (2013: 20%)	(627)	(47,897)
Effects of:		
Overseas tax (net of UK relief)	302,056	158,807
Non-taxable UK dividends	–	(211,920)
Non-taxable Overseas dividends	(402,742)	–
Movement in accrued income	–	–
Movement in excess tax losses	402,115	259,816
Double tax relief	–	–
Tax charge for the period	302,056	158,807

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

At 30 June 2014, the Fund has estimated unrecognised excess tax losses of £13,189,554 (31 December 2013: £11,178,980).

**30 June 2014**  
**£**

**31 December 2013**  
**£**

### 30. Debtors

Amounts receivable for issue of shares	2,436,694	1,414,280
Sales awaiting settlement	–	–
Accrued income	3,157,676	77,062
	5,594,370	1,491,342

### 31. Cash and bank balances

Cash and bank balances	74,182,917	46,012,847
	74,182,917	46,012,847

### 32. Creditors

Purchases awaiting settlement	4,176,197	–
Amounts payable on cancellation of shares	8,298,861	878,164
Accrued expenses	3,378,800	398,202
	15,853,858	1,276,366

## Notes to the Financial Statements

	Highest price p		Lowest price p		Net income per share p
<b>33. Comparative Table</b>					
<b>a) Performance</b>					
Period ended 30 June 2014					
Income Shares	2,401.72		2,252.63		–
Accumulation Shares	2,994.94		2,809.03		–
Institutional Income Shares	1,533.14		1,436.20		–
Institutional Accumulation Shares	1,534.29		1,437.28		–
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		–
<b>b) Net asset value</b>					
	<b>June 2014</b>	<b>December 2013</b>	<b>December 2012</b>	<b>December 2011</b>	<b>December 2010</b>
Value of the Fund	£364,016,577	£310,900,022	£143,882,298	£110,660,928	£94,795,731
Total shares in issue - Ordinary Class					
Income shares	2,416,437	3,774,847	3,299,859	3,748,351	3,226,133
Accumulation Shares	2,763,360	3,433,496	2,663,085	2,523,755	2,219,712
Total shares in issue - Institutional Class					
Income shares	7,136,386	4,356,915	1,279,161	233,225	–
Accumulation Shares	7,452,719	5,185,087	496,451	–	–
Deemed net asset value per share in issue – A Class					
Income shares	2,398.09p	2,367.44p	1,857.77p	1,633.98p	1,581.47p
Accumulation Shares	2,990.42p	2,952.20p	2,316.64p	2,037.58p	1,972.10p
Deemed net asset value per share in issue – Institutional Class					
Income shares	1,530.90p	1,507.37p	1,175.98p	1029.59p	–
Accumulation Shares	1,532.05p	1,507.98p	1,176.50p	–	–

## Notes to the Financial Statements

	<b>6 months to 30 June 2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>c) Performance Return</b>					
Accumulation Shares	1.29%	27.43%	13.70%	3.32%	26.00%

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

The Portfolio Turnover Rate ("PTR") for the year ended 30 June 2014 is (72.42%) (31 December 2013: (72.11%)). 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 period ended 30 June 2014 was 1.60% (31 December 2013: 1.58%), for the income and accumulation shares and 1.00% (31 December 2013: 0.99%) 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 period.

The TER calculation for the Fund is made up of:

- (1) 1.5% per annum, for A and B 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.

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## 30 June 2014

### Commentary

The Fund's NAV (as measured by the A Class) was flat for the period compared to the FTSE All-Share Index rise of 1.6% (in sterling terms).

The UK equity market has failed to gain any traction this year, ending the period at broadly similar levels to the start of the year. Even though output continues to grow robustly, unemployment is on a downward trajectory and inflation is trending close to target, the economy remains fragile. In particular, productivity growth remains weak and the economy is still over-leveraged. An obvious concern is that house prices are soaring once again, while households are still burdened with debt. Uncertainty regarding the outcome of a Scottish referendum on independence, in addition to the General Election and potential vote on EU membership, may continue to cap gains, for the time being at least.

Overall, we have structured the portfolio to reflect our relatively cautious approach. Pockets of value do exist within the UK market, in our view, but equally some areas look stretched in valuation terms. Up until recently, small and medium-capitalisation stocks had an extended run of outperformance, which drives our continuing bias toward large-cap stocks, believing areas outside the larger index to be more vulnerable to a combination of high multiples and high expectations. We have adopted a barbell approach, balancing out potentially higher return yet riskier seedling positions with holdings in companies that are generating more consistent performance. Alongside this, we retain our relatively high cash balance as it provides us with the flexibility to react to market changes, as and when they occur.

### Portfolio Analysis

	30 June 2014 %	31 December 2013 %
<b>Analysis, by geographical area</b>		
United Kingdom	75.47	81.15
Japan	8.96	6.04
Peru	0.25	0.24
France	0.15	0.18
Canada	0.07	0.04
Global	0.06	
Germany	0.00	0.00
Ireland	–	1.47
Switzerland	–	0.43
Net current assets	15.04	10.45
	100.00	100.00

	30 June 2014 %	31 December 2013 %
<b>Analysis, by sector</b>		
Banks	13.87	8.08
Energy	10.29	8.37
Insurance	9.34	10.29
Materials	9.27	5.37
Pharmaceuticals & Biotechnology	8.60	8.50
Media	4.52	5.82
Retailing	4.48	5.50
Telecommunication Services	4.39	7.92
Real Estate	3.84	3.02
Food Beverage & Tobacco	3.39	4.37
Health Care Equipment & Services	3.30	2.95
Commercial & Professional Services	2.38	3.97
Diversified Financials	2.03	2.35
Food & Staples Retailing	1.80	2.05
Software & Services	1.69	3.59
Capital Goods	1.57	4.17
Consumer Services	0.15	0.18
External Funds (Other)	0.06	0.06
Utilities	–	1.60
Transportation	–	0.73
Technology Hardware & Equipment	–	0.66
Net current assets	15.04	10.45
	100.00	100.00

	30 June 2014 %	31 December 2013 %
<b>Analysis, by investment</b>		
Equity Quoted	84.90	89.49
Exchange Traded Fund	0.06	0.06
Net current assets	15.04	10.45
	100.00	100.00

30 June 2014

## Portfolio Statement

Holdings	Description	Mid value £	% of Net Assets
<b>United Kingdom</b>			
<b>Energy 10.29% (December 2013: 8.37%)</b>			
3,233,074	BP	16,648,715	6.08
831,306	BG Group	10,268,707	3.74
1,199,516	Hardy Oil & Gas	1,226,505	0.45
91,000	Asia Resource Minerals	68,023	0.02
		28,211,950	10.29
<b>Insurance 9.34% (December 2013: 10.29%)</b>			
2,267,083	Aviva	11,567,792	4.22
2,032,692	RSA Insurance Group	9,653,254	3.52
828,681	Novae Group	4,392,009	1.60
		25,613,055	9.34
<b>Materials 9.01% (December 2013: 4.70%)</b>			
640,577	Anglo American	9,161,852	3.34
2,312,645	African Barrick Gold	4,747,860	1.73
1,848,950	Lonmin PLC Ord. USD 1.00	4,384,785	1.60
883,763	Kazakhmys	2,687,081	0.98
451,861	Rexam	2,416,327	0.88
1,497,943	Evraz	1,324,931	0.49
		24,722,836	9.02
<b>Pharmaceuticals &amp; Biotechnology 8.53% (December 2013: 8.46%)</b>			
962,514	GlaxoSmithKline	15,051,313	5.48
18,632,844	Vernalis	5,915,928	2.16
614,497	Skyepharma	1,497,836	0.55
32,096,817	Oxford BioMedica	898,711	0.33
5,468,280	Ark Therapeutics Group	29,255	0.01
		23,393,043	8.53
<b>Banks 6.94% (December 2013: 4.14%)</b>			
3,796,349	Royal Bank of Scotland Group	12,469,109	4.54
550,000	HSBC Holdings	3,261,775	1.19
1,154,018	Barclays	2,455,173	0.90
300,000	TSB Banking Group	844,875	0.31
		19,030,932	6.94
<b>Media 4.52% (December 2013: 5.82%)</b>			
3,521,296	ITV	6,276,710	2.29
531,441	Pearson	6,130,172	2.23
		12,406,882	4.52

30 June 2014

## Portfolio Statement

Holdings	Description	Mid value £	% of Net Assets
<b>Retailing 4.47% (December 2013: 5.50%)</b>			
10,749,690	Dixons Retail	5,352,809	1.95
889,535	Marks & Spencer	3,783,192	1.38
8,134,841	Laura Ashley Holdings	2,104,890	0.76
173,267	Caffyns	1,029,206	0.38
17,165,604	HMV	0	-
		12,270,097	4.47
<b>Telecommunication Services 4.39% (December 2013: 3.19%)</b>			
4,234,377	Vodafone Group	8,255,977	3.01
7,700,295	Cable & Wireless Communications	3,792,010	1.38
		12,047,987	4.39
<b>Real Estate 3.84% (December 2013: 3.02%)</b>			
1,917,501	Intu Properties	5,975,891	2.18
1,318,483	Segro	4,552,063	1.66
		10,527,954	3.84
<b>Food Beverage &amp; Tobacco 3.39% (December 2013: 2.90%)</b>			
351,057	Unilever	9,304,766	3.39
		9,304,766	3.39
<b>Health Care Equipment Services 3.30% (December 2013: 2.95%)</b>			
872,776	Smith & Nephew	9,063,779	3.30
		9,063,779	3.30
<b>Commercial &amp; Professional Services 2.38% (December 2013: 3.97%)</b>			
5,037,273	Rentokil Initial	5,603,966	2.05
250,000	Serco Group	913,625	0.33
		6,517,591	2.38
<b>Food &amp; Staples Retailing 1.80% (December 2013: 2.05%)</b>			
2,690,350	WM Morrison Supermarkets	4,935,447	1.80
		4,935,447	1.80
<b>Software &amp; Services 1.69% (December 2013: 3.59%)</b>			
723,970	Sage Group	2,781,130	1.01
1,259,394	Xchanging	1,854,458	0.68
		4,635,588	1.69



30 June 2014

## Portfolio Statement

Holdings	Description	Mid value £	% of Net Assets
	<b>Capital Goods 1.57% (December 2013: 4.17%)</b>		
1,837,876	Qinetiq Group	3,801,646	1.39
210,695	Balfour Beatty	492,184	0.18
		4,293,830	1.57
	<b>External Funds (Other) 0.06% (December 2013: 0.06%)</b>		
39,409	Oryx International Growth	159,606	0.06
		159,606	0.06
	<b>Japan</b>		
	<b>Banks 6.93% (December 2013: 3.94%)</b>		
421,772	Sumitomo Mitsui Financial Group	10,325,235	3.77
2,419,700	Mitsubishi UFJ Financial Group	8,668,644	3.16
		18,993,879	6.93
	<b>Diversified Financials 2.03 (December 2013: 2.10%)</b>		
1,344,700	Nomura Holdings	5,566,027	2.03
		5,566,027	2.03
	<b>Peru</b>		
	<b>Materials 0.25% (December 2013: 0.24%)</b>		
438,000	Hochschild Mining	699,158	0.25
		699,158	0.25
	<b>France</b>		
	<b>Consumer Services 0.15% (December 2013: 0.22%)</b>		
128,938	Euro Disney	409,672	0.15
		409,672	0.15
	<b>Canada</b>		
	<b>Pharmaceuticals &amp; Biotechnology 0.07% (December 2013: 0.04%)</b>		
728,500	Epicore Bionetworks	203,605	0.07
		203,605	0.07
	<b>Germany</b>		
	<b>Retailing 0.00% (December 2013: 0.00%)</b>		
497,670	Arcandor	7,966	0.00
		7,966	0.00
<b>Total investments</b>		233,015,650	84.96
<b>Net current assets</b>		41,234,435	15.04
<b>Net assets</b>		274,250,085	100.00

## Statement of Material Portfolio Changes for the period ended 30 June 2014

<b>Major Purchases</b>	<b>Cost £000's</b>	<b>Major Sales</b>	<b>Proceeds £000's</b>
Vodafone Group	9,275	Vodafone Group	12,650
Royal Bank of Scotland Group	8,944	HSBC Holdings	7,415
Anglo American	7,552	United Utilities Group	5,484
RSA Insurance Group	6,327	Invensys	5,265
BG Group	6,270	Aviva	4,928
Sumitomo Mitsui Financial Group	5,397	Sainsbury (J)	4,518
WM Morrison Supermarkets	5,334	Greencore Group	3,948
Mitsubishi UFJ Financial Group	5,262	Royal Dutch Shell	3,679
GlaxoSmithkline	4,888	Vectura Group	3,253
Lonmin	4,003	Shanks Group	3,105
HSBC Holdings	3,952	Innovation Group	3,057
Barclays	3,892	Friends Life Group	2,821
BP	3,271	Verizon Communications	2,603
Intu Properties	2,133	Laura Ashley Holdings	2,068
Verizon Communications	2,027	Firstgroup	1,968
Dixons Retail	1,771	Rexam	1,822
Unilever	1,421	Marks & Spencer Group	1,763
Marks & Spencer Group	1,365	Cable & Wireless Communications	1,706
United Utilities Group	1,297	Oxford Instruments	1,575
Evraz	1,256	Glencore Xstrata	1,512
<b>Total for the period</b>	<b>94,915</b>	<b>Total for the period</b>	<b>84,915</b>

## Statement of Total Return for the period ended

	Notes	30 June 2014		30 June 2013	
		£	£	£	£
<b>Income</b>					
Net (losses)/gains on investments during the period	34		(2,269,674)		13,923,483
Other losses	35		(20,697)		(1,804)
Income	36	4,092,457		2,732,641	
Expenses	37	(1,732,690)		(1,110,450)	
Net income before taxation		2,359,767		1,622,191	
Taxation	38	(16,571)		(253)	
Net income after taxation			2,343,196		1,621,938
<b>Change in net assets attributable to shareholders from investment activities</b>			52,825		15,543,617

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

	30 June 2014		30 June 2013	
	£	£	£	£
<b>Net assets at start of the period</b>		251,560,021		140,271,121
Movement due to issue/(redemption) of shares				
Amounts received on issue of shares	61,810,200		26,080,613	
Less: Amounts paid on redemption of shares	(39,122,981)		(33,553,564)	
		22,687,219		(7,472,951)
Stamp duty reserve tax		(49,980)		(31,617)
Change in net assets attributable to the shareholders		52,825		15,543,617
<b>Net assets attributable to shareholders at the end of the period</b>		274,250,085		148,310,170

## Balance Sheet

as at

	Notes	30 June 2014		31 December 2013	
		£	£	£	£
<b>Assets</b>					
Portfolio of investments	2(b)		233,015,650		225,279,466
Debtors	39	1,787,863		897,567	
Cash and bank balances	40	41,637,429		27,432,659	
Total other assets			43,425,292		28,330,226
<b>Total assets</b>			276,440,942		253,609,692
<b>Liabilities</b>					
Creditors	41	1,914,773		884,888	
Bank overdraft		276,084		–	
Distribution payable on income shares		–		1,164,783	
Total other liabilities			2,190,857		2,049,671
<b>Total liabilities</b>			2,190,857		2,049,671
<b>Net assets attributable to shareholders</b>			274,250,085		251,560,021

## Notes to the Financial Statements for the period ended

30 June 2014  
£

30 June 2013  
£

### 34. Net (losses)/gains on investments during the period

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

Non-derivative securities	(2,269,674)	13,923,483
	(2,269,674)	13,923,483

### 35. Other loss

Other losses comprise:

Realised currency loss	(20,697)	(1,804)
	(20,697)	(1,804)

### 36. Income

UK dividends	3,876,226	2,480,007
Overseas dividends	209,098	252,386
Bond Interest	2,718	–
Bank interest	4,415	248
	4,092,457	2,732,641

### 37. Expenses

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

ACD's periodic charge	1,647,433	1,047,636
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**Payable to the Depositary, associates of the Depositary and agents of either of them:**

Depositary's fee	19,811	11,349
Safekeeping charge	5,419	6,929

#### Other expenses

Audit fees	5,530	5,094
Registration fees	4,220	5,395
FCA	300	300
Other	49,977	33,747

Total expenses	1,732,690	1,110,450
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### 38. Taxation

**a) Analysis of tax charge in the period**

Overseas tax	16,571	253
Total	16,571	253

## Notes to the Financial Statements for the period

	30 June 2014	30 June 2013
	£	£
<b>b) Factors affecting tax charge for the period</b>		
Net income before taxation	2,359,767	1,622,191
Net income at the applicable rate of UK corporation tax of 20% (2013: 20%)	471,953	324,438
<b>Effects of:</b>		
Overseas tax (net of UK relief)	16,571	253
Non-taxable UK dividends	(775,245)	(546,479)
Non-taxable Overseas dividends	(41,820)	–
Movement in accrued income	–	–
Movement in excess tax losses	345,111	222,040
Double tax relief	–	–
Tax charge for the period	16,571	253

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

At 30 June 2014, the Fund has estimated unrecognised excess tax losses of £50,062,586 (31 December 2013: £48,431,029).

	30 June 2014	31 December 2013
	£	£
<b>39. Debtors</b>		
Amounts receivable for issue of shares	841,689	177,095
Accrued income	946,174	720,472
	1,787,863	897,567
<b>40. Cash and bank balances</b>		
Cash and bank balances	41,637,429	27,432,659
Bank Overdraft	(276,084)	–
	41,361,345	27,432,659
<b>41. Creditors</b>		
Purchases awaiting settlement	672,135	521,310
Amounts payable on cancellation of shares	873,937	10,635
Accrued expenses	368,701	352,943
	1,914,773	884,888

## Notes to the Financial Statements

	Highest price p		Lowest price p		Net income per share p
<b>42. Comparative Table</b>					
<b>a) Performance</b>					
Period ended 30 June 2014					
Income Shares	1,237.34		1,174.34		–
Accumulation Shares	1,858.66		1,764.02		–
Institutional Income Shares	1,432.23		1,360.11		–
Institutional Accumulation Shares	1,461.08		1,387.52		–
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
	<b>June</b>	<b>December</b>	<b>December</b>	<b>December</b>	<b>December</b>
<b>b) Net asset value</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Value of the Fund	£274,250,085	£251,560,021	£140,271,121	£182,201,122	£230,789,587
Total shares in issue					
Income shares	2,454,899	2,921,356	3,819,139	7,097,100	8,699,231
Accumulation Shares	4,442,019	4,975,566	5,344,369	11,266,782	12,646,004
Total shares in issue - Institutional Class					
Income shares	4,210,797	3,413,955	1,562,330	–	–
Accumulation Shares	7,406,019	5,525,528	983,854	–	–
Deemed net asset value per share in issue - A class					
Income shares	1,204.54p	1,219.78p	953.85p	771.03p	854.17p
Accumulation Shares	1,809.38p	1,811.02p	1,416.16p	1,131.46p	1,237.40p
Deemed net asset value per share in issue - Institutional class					
Income shares	1,396.39p	1,416.62p	1,103.82p	–	–
Accumulation Shares	1,424.53p	1,422.71p	1,108.60p	–	–

## Notes to the Financial Statements

	6 months to 30 June 2014	2013	2012	2011	2010
<b>c) Performance Return</b>					
Accumulation Shares	(0.09%)	27.88%	25.16%	(8.56%)	20.68%

### d) Portfolio Turnover Rate

The Portfolio Turnover Rate ("PTR") for the year ended 30 June 2014 is 44.49% (31 December 2013: (29.90%)). 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 period ended 30 June 2014 was 1.60% (31 December 2013: 1.62%) and 1.15% (31 December 2013: 1.17%) 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 period.

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

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

## Balance Sheet

as at		30 June 2014		31 December 2013	
	Notes	£	£	£	£
<b>Assets</b>					
Portfolio of investments	2(b)		–		–
Cash and bank balances	43	2,439		2,439	
Total other assets			2,439		2,439
<b>Total assets</b>			2,439		2,439
<b>Liabilities</b>					
Creditors	44	2,439		2,439	
Total other liabilities			2,439		2,439
<b>Total liabilities</b>			2,439		2,439
<b>Net assets attributable to the shareholders</b>			–		–

# GAM European Systematic Value & Income

## Notes to the Financial Statements

for the period ended

30 June 2014  
£

31 December 2013  
£

### 43. Cash and bank balances

Cash and bank balances	2,439	2,439
	2,439	2,439

### 44. Creditors

Accrued expenses	2,439	2,439
	2,439	2,439

### 45. Comparative Table

	Highest price p	Lowest price p	Net income per share p
<b>a) Performance</b>			
Period ended 30 June 2014			
Income Shares	–	–	–
Accumulation Shares	–	–	–
Year ended 31 December 2013			
Income Shares	–	–	–
Accumulation Shares	–	–	–
Period ended 30 June 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	–	–	–

# GAM European Systematic Value & Income

## Notes to the Financial Statements

	June 2014	December 2013	December 2012	December 2011	December 2010
<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 period ended 30 June 2014 is nil% (31 December 2013: 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 period ended 30 June 2014 was nil% (31 December 2013: nil%).

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

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

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No Interim distributions were made by any fund for the period to 30 June 2014.

## 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), 20 King Street, London SW1Y 6QY, 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 through the Administrator. 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 through the Administrator, or a lesser number, provided the shareholder maintains the minimum number of shares permitted, by telephoning the Administrator and providing written confirmation. The shares will be purchased from the shareholder at the next valuation point and a contract note confirming the sale will be sent.

### Dilution Levy

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

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

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

### Income Distributions

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.

### 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.

## 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 2014/2015 the exempt amount is £11,000.

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, and 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  
PO 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.

## **Contacts**

### **Dealing**

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