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This brochure provides information about the qualifications and business practices of GAM Systematic LLP (“GAM”). If you have any questions about the contents of this brochure, please contact us at [Andrew.Radford@gam.com](mailto:Andrew.Radford@gam.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

GAM is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. Additional information about GAM also is available on the U.S. Securities and Exchange Commission’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This Brochure is not an offer or agreement to provide advisory services to any person, an offer to sell interests or a solicitation of an offer to purchase interests in any investment product or vehicle advised by GAM, nor a complete discussion of the features, risks or conflicts associated with any account advised by GAM. This Brochure is not to be relied upon in determining whether to make an investment or establish an advisory relationship with GAM. The information in this Brochure may differ from information provided in the materials that govern an account or investor relationship such as the prospectus, private placement memorandum or other offering document, investment advisory agreement, subscription agreement, or organizational document (“Governing Materials”). To the extent that there is any conflict between the information in this Brochure and the relevant Governing Materials, the relevant Governing Materials shall control.

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## ITEM 2 – MATERIAL CHANGES

The following are the material changes made to this Brochure since GAM filed its last annual Form ADV amendment on March 29, 2019:

- In January 2020, Cantab Capital Partners LLP changed its name to GAM Systematic LLP and also changed the names of several of the GAM Funds (as defined herein), which are disclosed in Schedule D, Section 7.B.(1) (Private Fund Reporting) of GAM's Form ADV Part 1. As such, all references to "Cantab Capital Partners LLP" and "Cantab" have been replaced with "GAM Systematic LLP" and "GAM" (as applicable).

GAM has made other routine updates and clarifying amendments to this Brochure, which GAM does not consider to be material. In the future, when GAM amends its Brochure for its annual update and the amended version contains material changes from the last annual update, GAM will continue to identify and discuss those changes either on this page or as a separate document accompanying the Brochure.

### ITEM 3 - TABLE OF CONTENTS

	<u>Page</u>
ITEM 2 – MATERIAL CHANGES .....	2
ITEM 3 – TABLE OF CONTENTS.....	3
ITEM 4 – ADVISORY BUSINESS .....	4
ITEM 5 – FEES AND COMPENSATION .....	5
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	6
ITEM 7 – TYPES OF CLIENTS .....	6
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	7
ITEM 9 – DISCIPLINARY INFORMATION.....	10
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	10
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	12
ITEM 12 – BROKERAGE PRACTICES.....	13
ITEM 13 – REVIEW OF ACCOUNTS.....	15
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION .....	15
ITEM 15 – CUSTODY .....	15
ITEM 16 – INVESTMENT DISCRETION.....	16
ITEM 17 – VOTING CLIENT SECURITIES.....	16
ITEM 18 – FINANCIAL INFORMATION .....	16

## ITEM 4 – ADVISORY BUSINESS

GAM, formerly known as Cantab Capital Partners LLP, has been in business since 2006 and offers portfolio management services to its clients on a discretionary basis, based upon the individual needs and objectives of each client. GAM is a UK-based firm and a direct subsidiary of GAM (UK) Limited, which in turn is a direct subsidiary of GAM Group AG. The firm is ultimately owned by GAM Holding AG, an independent asset management firm that is headquartered in Zurich, Switzerland, and whose shares are listed on the SIX Swiss Exchange. GAM is authorized and regulated by the UK Financial Conduct Authority (“FCA”) in addition to being a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”) and a registered Commodity Pool Operator (“CPO”) and Commodity Trading Adviser (“CTA”) with the U.S. Commodity Futures Trading Commission (“CFTC”) under the U.S. Commodity Exchange Act (“CEA”). GAM is also a member of the U.S. National Futures Association (“NFA”).

As of December 31, 2019, GAM’s regulatory assets under management were approximately USD\$12,464,965,520. All the assets are managed on a discretionary basis.

GAM offers various investment products and services through managed account and investment fund structures, including private funds that operate pursuant to an exemption from registration as an investment company under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and are offered to U.S. and non-U.S. investors in private placements pursuant to Regulation D or Regulation S (as applicable) under the Securities Act of 1933, as amended (the “Securities Act”). GAM does not provide financial planning services. Additionally, GAM may (and does) serve as manager, adviser or sub-adviser to other investment funds, including European regulated commingled funds (referred to as “UCITS”) and U.S. investment companies registered under the Investment Company Act (“Registered Investment Company/ies”).

GAM’s investment team pursues its own individual approach and preferred investment style so that it has the flexibility in its efforts to implement its talents to the greatest effect, but within the wider risk control framework provided by the GAM group.

### Institutional Accounts

GAM offers institutional investors the flexibility of investing through individually customized managed accounts (including sub-advisory relationships, as described above) or dedicated single investor private funds, or non-U.S. domiciled commingled funds designed for multiple investors that are managed by GAM (these commingled funds are referred to as the “GAM Funds”).

In instances where GAM advises separately managed accounts and pooled investment vehicles (“GAM Accounts”), whose investment management has been delegated to GAM, the firm may invest:

- in other GAM Funds managed by GAM;
- in other pooled investment vehicles, including GAM Funds managed by affiliates of GAM in the GAM group of companies (the “GAM Group”) and/or funds managed by other unrelated asset managers;
- in separate non-U.S. investment vehicles established or formed by an affiliate of GAM and typically managed by Portfolio Managers (as defined below), which are generally only available to investment advisory clients of a member of the GAM Group;
- with Portfolio Managers (as defined below) via one or more fund of funds commingled managed account platforms; or
- directly in securities, commodities, currencies, derivatives and other financial instruments.

In relation to U.S. domiciled funds, GAM may act as sub-adviser to GAM USA Inc., a U.S. based SEC-registered investment adviser and an affiliate of GAM. Where a client is invested in a separately managed account or dedicated private fund, the client may impose restrictions on investing in certain securities or types of securities. This is not possible where an investor chooses to invest in a GAM Fund.

## **ITEM 5 – FEES AND COMPENSATION**

The fees for GAM’s services are typically based on a percentage of the net assets under management. Different fee structures may be negotiated under certain circumstances. In some cases, performance fees may be charged in accordance with Rule 205-3 under the Advisers Act. Generally, GAM’s fees will be payable monthly in arrears.

The basic management fee schedule for GAM Funds ranges from 0.50% to 1.5% of net assets per annum, depending on the applicable GAM Fund or class of interests/shares in which an investor subscribes.

Certain GAM Funds are subject to performance-based compensation in the form of a performance allocation or performance fee, ranging from 10% to 20% of net profits per annum, depending on the applicable GAM Fund or class of interests/shares in which an investor subscribes, subject to a high water mark or loss recovery provision and other variables.

In each instance, such fees are payable to GAM or an affiliate (such as the general partner of the GAM Fund, as applicable). The exact fee rates and related details are disclosed in the prospectus, private placement memorandum and/or other applicable Governing Materials for the relevant fund. The management and performance fees are exclusive of all investment costs, including brokerage commissions, transaction fees, custodian fees and other fees and

taxes on brokerage accounts and securities transactions. Investments in GAM Funds will also be subject to the investment and operating expenses incurred by those funds, which may include management fees, administrative fees, directors' fees, and legal, tax and audit fees and expenses as set out in the relevant fund prospectus. Investors considering investing in a particular fund should request and review the Governing Materials for the relevant fund for more detailed information about the fees and expenses to be incurred by the fund.

The fees for institutional separate accounts are negotiated and vary based upon a variety of factors, including the type of client, investment amount, the particular circumstances of the client, additional or differing levels of servicing, or as otherwise agreed with a specific client. The specific manner in which fees are charged for a managed account is established in a written agreement between the client and GAM. Investment advisory agreements entered into by GAM generally will be terminable by the client upon thirty (30) days' prior written notice. If the agreement is cancelled other than at the end of a month, the fee for that month will be prorated based upon the number of days during the quarter that GAM's services were rendered to the client.

Item 12 describes the factors that GAM considers in selecting or recommending broker-dealers to execute client transactions.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

In some cases, GAM may (and does) enter into performance-based compensation arrangements with qualified clients. These compensation arrangements are subject to negotiation with each managed account client, or subject to the Governing Materials of the GAM Fund, as applicable. GAM will structure any performance or incentive compensation arrangement to comply with Section 205(a)(1) of the Advisers Act and Rule 205-3 under the Advisers Act. In measuring a client's assets for the calculation of performance-based fees, GAM will ordinarily include realized and unrealized capital gains and losses.

GAM is not entitled to receive performance-based compensation from all of its clients. Additionally, certain client accounts have higher management fees and/or performance-based compensation more favorable to GAM than other client accounts. Performance-based compensation arrangements may create an incentive for GAM to recommend investments that may be riskier or more speculative than would be recommended under a different fee arrangement. Such compensation arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. GAM has adopted procedures designed to ensure that all clients are treated fairly and equally, and to prevent any potential conflict of interest from influencing the allocation of investment opportunities among clients.

## **ITEM 7 – TYPES OF CLIENTS**

GAM provides investment management services to a range of pooled investment vehicles, including the GAM Funds (including private funds and UCITS). GAM may (and does) also sub-advise a Registered Investment Company. Additionally, GAM may establish (and has established) separately managed accounts for institutional investors.

In general, U.S. investors must qualify as both “accredited investors” as defined in Rule 501(a) of Regulation D under the Securities Act and “qualified purchasers” as defined in Section 2(a)(51) under the Investment Company Act, and/or “qualified eligible persons” under Rule 4.7 of the Commodity Exchange Act, and meet other applicable suitability requirements. Generally, investors must invest a minimum dollar amount, as set forth in the applicable Governing Materials (which may be waived, modified or negotiated at GAM’s sole discretion).

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

GAM manages the GAM Funds and accounts using single-manager investment strategies. The underlying assets may be invested in a wide range of investments and strategies.

GAM’s security analysis primarily includes systematic fundamental and technical analysis, but it may utilize other methods, depending on the strategy. There can be no assurance that any accounts managed by GAM will achieve their investment objective, as investing in securities and other financial instruments involves a risk of loss that clients should be prepared to bear.

In the case of a GAM Fund, prospective investors should carefully review the risks described in the relevant Governing Materials, and should evaluate the merits and risks of an investment in the context of their overall financial circumstances. The risk factors below are not intended to be exhaustive and should be considered carefully by prospective investors together with the full text of the applicable Governing Materials.

An investment in any product or strategy offered by GAM may be subject to any or all of the risks described below and is suitable only for sophisticated investors for whom an investment in the product does not represent a complete investment program and who fully understand and are capable of bearing the risks of such an investment.

**Performance:** All investments risk the loss of the amount invested. No guarantee or representation is made that any investment will be successful, and investment results may vary substantially over time. The value of a client’s portfolio and the income (if any) derived from it, can go down as well as up.

**Concentration of Investments:** A portfolio may at times hold relatively few investments. The result of such concentration of investments is that a loss in any such position could materially reduce the value of the client portfolio.

**Leverage:** Certain investment practices or trading strategies such as investment in financial and commodity futures and in derivative instruments may involve significant leverage. Leverage can be employed in a variety of ways including direct borrowing, margining, short selling and the use of futures, warrants, options and other derivative products. The risk of leverage in futures contracts, options warrants and other derivatives is that small movements in the price of the underlying asset or index can result in large losses or profits. Accounts and funds managed using a fund of funds strategy ordinarily will not use leverage,

although they may borrow for temporary purposes in order to fund investments in underlying funds or payment of redemptions. The amount of leverage used will vary with the number and quality of investment opportunities available and with the perceived risk level. If securities pledged to brokers or other financial institutions to secure a margin account decline in value, an investor could be subject to a “margin call,” pursuant to which it must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value.

**Illiquid Assets:** Certain investment positions may become illiquid. It may not be easy to dispose of such illiquid positions.

**Hedging:** Some investment strategies may employ hedging techniques, directed primarily toward general market risks. If employed, hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments. For a variety of reasons, it may not be possible to establish a sufficiently accurate correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent an investor from achieving the intended hedge or expose the investor to risk of loss. In addition to possible losses on the position sought to be hedged notwithstanding the attempted hedge, an investor could incur losses on the hedging position itself.

All hedging strategies necessarily involve costs, which could be significant, whether or not the hedge sought is successful. Some strategies may invest in markets or instruments as to which hedging strategies are limited or unavailable.

**Equity Securities:** Investments in long and short positions in equity securities may fluctuate in value, often based on factors unrelated to the value of the issuer of the securities. The market price of equity securities may be affected by general economic and market conditions, such as a broad decline in stock market prices, or by conditions affecting specific issuers, such as changes in earnings forecasts.

**Short Selling:** Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no guarantee that securities or other instruments necessary to cover a short position will be available for purchase.

**Debt Securities:** Some strategies may invest in bonds and other fixed income securities that are subject to credit, liquidity and interest rate risks. Debt securities may be unrated by a recognized credit-rating agency or rated below investment grade, and subject to greater risk of loss of principal and interest than higher-rated debt securities. Investments in distressed debt securities may be subject to a significant risk of the issuer’s inability to meet principal and interest payments on the obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity risk (market risk). Evaluating



credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, which can make it difficult to accurately calculate discounting spreads for valuing financial instruments.

**Developing Markets:** Certain strategies may invest in developing market debt securities, foreign exchange instruments and equities that may lead to additional risks being encountered when compared with investments in developed markets. These risks including currency exchange rate fluctuations, political and economic instability, foreign taxes and different regulatory, auditing and reporting standards. The political, regulatory and economic risks inherent in investments in developing markets are significant and may differ in kind and degree from the risks presented by investments in the world's major securities markets. These may include greater price volatility, substantially less liquidity and controls on foreign investment and limitations on repatriation of invested capital. Costs relating to investment will also tend to be higher.

**Currency Exposure:** Certain assets may be invested in securities and other investments that are denominated in currencies other than the U.S. Dollar and in other financial instruments, the price of which is determined with reference to currencies other than the U.S. Dollar. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates.

**Options:** An option gives the buyer of the option the right (but not the obligation) to acquire an underlying security or other asset at a future date and at a price that has already been agreed or that is determinable in accordance with a pre-agreed mechanism. If the price of the underlying asset moves against the client, it can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges.

**Futures:** Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The "gearing" or "leverage" often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small market movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you.

**Contracts for Difference:** Futures and options contracts can also be referred to as a Contract for Difference. These can be options and futures on the FTSE 100 index or any other index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option.

**Systems Risks:** GAM relies extensively on computer programs and systems to trade, clear and settle transactions, to evaluate certain financial instruments based on real-time trading information, to monitor portfolios and to generate risk management and other reports that are critical to the oversight of client trading. In addition, certain of GAM's operations interface with or depend on systems operated by third parties, including futures commission

merchants, prime brokers and market counterparties and other service providers. GAM may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer “worms,” viruses and power failures. Any such defect or failure could have a material adverse effect on a GAM Account. Although GAM has implemented various measures intended to protect its systems and data held by GAM relating to its clients, and to ensure that third party service providers have also taken appropriate steps to protect their systems and data, there is no assurance that such measures will be sufficient or successful in preventing system failures, interruptions in service, errors, unauthorized access by third parties, or other adverse consequences.

The increasing reliance on internet-based programs and applications to conduct transactions and store data creates growing operational and security risks. Targeted cyber-attacks, or accidental events, can lead to a breach in computer and data systems security and subsequent unauthorized access to sensitive transactional or personal information. Data taken in breaches may be used by criminals in committing identity theft, obtaining loans or payments under false identities, and other crimes that could affect the value of assets in which the GAM Accounts invest. Cybersecurity breaches at GAM or its vendors and service providers may also lead to theft, data corruption, or overall disruption in operational systems. These threats may also directly or indirectly affect the GAM Accounts through cyber incidents with third party service providers or counterparties. Cyber-security risks can disrupt the ability to engage in transactional business, cause direct financial loss or reputational damage, or lead to violations of applicable laws related to data and privacy protection and consumer protection. These risks also result in ongoing prevention and compliance costs.

**Market Interruptions:** The activities and operations of GAM or the GAM Funds or GAM Accounts could be adversely affected by events over which the relevant parties have no control, such as natural disasters or public health crises. Since late 2019, the COVID-19 health epidemic has led to significant restrictions on travel and business activities globally. It is unknown how, and to what extent, GAM or the GAM Funds or GAM Accounts will be affected if such epidemic persists for an extended period of time. GAM or the GAM Funds or GAM Accounts may incur interruption of critical business functions and significant losses as a result such events. Such events may also adversely affect the financial markets and global economy in unpredictable ways. These events could have a material adverse impact on the performance of the GAM Funds or GAM Accounts and their investments.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of GAM. GAM has no relevant information to disclose in response to this Item.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

GAM, a multi-strategy systematic investment manager based in Cambridge, UK, is registered as an investment adviser with the SEC under the Advisers Act and as a CTA and CPO with the CFTC under the CEA. GAM is also a member of the NFA as an approved swaps

firm. Certain individuals associated with GAM are registered with the NFA as Associated Persons and/or listed as Principals of GAM. GAM is authorized and regulated by the UK FCA.

GAM's ultimate parent company is GAM Holding AG, a Swiss public corporation. Established in 1983, the Group was owned by UBS AG from 1999 until December 2005, when it was acquired by the Julius Baer Group. In October 2009, the private banking and asset management businesses of Julius Baer were separated into two fully independent entities listed on the Swiss Exchange. Julius Baer Holding Limited was re-named GAM Holding AG. GAM Holding AG and its affiliates focus exclusively on asset management.

GAM is an indirect subsidiary of GAM Group AG, a company incorporated in Switzerland, with affiliates or offices in London, Zurich, New York, Hong Kong, Tokyo and Dublin.

GAM USA Inc., a subsidiary of GAM Group AG, is a registered investment adviser with the SEC under the Advisers Act and provides investment management services to pooled investment vehicles, corporate and public pension plans, trusts, estates, charitable organizations, foundations, endowments, corporations, high net worth individuals and other business entities. GAM USA Inc. is also registered as a commodity trading adviser and commodity pool operator with the Commodity Futures Trading Commission under the Commodity Exchange Act. GAM USA Inc. is also a member of and is approved as a swaps firm by the National Futures Association. GAM USA Inc. may appoint GIML as sub-adviser to certain funds or managed accounts.

GAM USA Inc. is the sole shareholder of GAM Services Inc. ("GAM Services"), a limited purpose broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority. Certain employees of GAM USA are registered representatives of GAM Services. GAM Services does not provide brokerage services to clients of GIML or GAM USA, but may act as the placement agent for certain GAM Funds.

GAM London Limited, an asset manager based in London, GAM Hong Kong Limited, an asset manager based in Hong Kong, and GAM Capital Management (Switzerland), an asset manager based in Switzerland, are also indirect wholly owned subsidiaries of GAM Holding AG.

GAM Investment Management (Switzerland) AG, an asset manager based in Switzerland, is also an indirect wholly owned subsidiary of GAM Holding AG. The company spun off from Julius Baer Asset Management in October 2009.

GAM Investment Management Limited ("GIML"), a company incorporated in England and Wales, is registered as an investment adviser with the SEC under the Advisers Act. GIML is also registered as a CTA and CPO with the CFTC. GIML is a member of the NFA and is approved as a swaps firm by the NFA. In addition, GIML is authorized and regulated by the UK FCA. GIML is an indirect wholly-owned subsidiary of GAM Holding. GIML provides sub-advisory services to GAM USA with respect to some clients and acts as investment adviser to various U.S. and non-U.S. funds.

Affiliates of GAM may act as general partner or advisor to a variety of investment partnerships and funds in the GAM group of funds in which clients of GAM may be solicited to invest.

GAM and its affiliates provide investment management and advisory services to a wide range of clients, some of which may pursue the same or similar investment strategies. Different clients may be subject to different fees and expenses. GAM, its affiliates and their employees may own interests in some funds.

GAM Fund Management Limited, an affiliate of GAM, provides administration and/or transfer agency services to many GAM Funds as well as to certain underlying Portfolio Funds in which GAM Accounts may invest, and receives customary administration fees for providing such services.

GAM Holding AG and its subsidiaries around the world may buy, sell or hold securities and other investments. GAM may, in compliance with applicable laws, recommend or effect transactions in securities in which its affiliates may have an interest or position or make a market. Any such transaction will generally be effected through an unrelated party if required by applicable law.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

GAM has adopted a Code of Ethics for all employees of the firm identified as SEC “Access Persons” as defined by Rule 204A-1 of the Advisers Act, describing its high standards of business conduct and fiduciary duty to its clients. The Code of Ethics includes, among other things, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures. SEC Access Persons generally include all directors of GAM and all personnel involved in the investment process for the GAM Funds and clients managed by GAM. All such individuals must acknowledge the terms of the Code of Ethics annually. Other employees of GAM, although not specifically required to follow GAM’s Code of Ethics, are required to follow the policies and procedures set out in the Compliance Manual, which includes procedures for reporting of gifts and entertainment and personal securities transactions.

Subject to satisfying the requirements set forth in the Code of Ethics, Compliance Manual and applicable laws, employees of GAM may trade for their own accounts in securities that are recommended to and/or purchased for GAM’s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of GAM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of GAM’s clients. In addition, the Code of Ethics requires pre-clearance of transactions (except those carried out on behalf of the employee under a

discretionary management agreement by an unrelated firm). **Subject to an exception granted by the Chief Compliance Officer, GAM generally does not currently permit its employees to engage in personal trading, however, were this policy to change, employee trading would be continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between GAM and its clients.** All SEC Access Persons must file initial and annual securities holdings reports in addition to quarterly transaction reports. Transactions by employees are monitored in order to ascertain any pattern of conduct that may indicate actual or potential conflicts with the principles and objectives of the Code of Ethics or other inappropriate behavior.

Clients or prospective clients may request a copy of GAM's Code of Ethics by contacting the Chief Compliance Officer at [Andrew.Radford@gam.com](mailto:Andrew.Radford@gam.com).

## **ITEM 12 – BROKERAGE PRACTICES**

GAM will ordinarily be granted discretionary authority to determine the securities and the amount of securities to be purchased or sold for client accounts, and the full discretion, where applicable, to select a broker or dealer to execute transactions and to negotiate the rate of commissions payable for such services.

When executing trades on behalf of clients, GAM has a duty to select brokers that will enable GAM to obtain best execution for its clients and to comply with any applicable legal restrictions, such as those imposed under securities and fiduciary laws. Within these constraints, trades may be executed through any broker that has met GAM's relevant requirements with respect to broker selection.

GAM considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. In selecting brokers or dealers to execute transactions, GAM is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission cost, mark-up or other cost. In situations where multiple counterparties can execute a given transaction, GAM will take multiple factors into account, including the following:

- A broker's execution capabilities with respect to the relevant type of order;
- The commissions charged by a broker, which may be based on the size of the order, the price of the security, and whether the receipt of products or services is involved;
- The broker's reputation and responsiveness to requests for trade data and other financial information; and;
- Other factors suggested by the SEC for determining best execution, which include:
  - the amount of business with each broker-dealer and the justification for directing trades to those broker-dealers;
  - the competitiveness of commission rates and spreads, including the documentation to support such competitiveness, i.e., comparison of "standard" commission rates or "minimum" transaction costs between broker-dealers offering comparable products and services;

- statistics or other information by independent consultants on the relative quality of executions/financial services by each broker-dealer;
- the financial strength (net capital) of each broker-dealer, if relevant;
- the broker-dealer's ability to respond promptly to inquiries during volatile markets;
- the value of privacy considerations, liquidity, price improvement and lower commission rates on electronic communications; and
- the broker-dealer's general reputation and ability to execute an order in an appropriate time frame (i.e., the overall responsiveness of the broker-dealer, as expressed in how well the broker-dealer serves GAM and its clients).

Section 28(e) of the Exchange Act provides a safe harbor that permits an investment adviser with investment discretion to obtain certain brokerage and research products and services provided by a broker-dealer that assist the investment adviser in making investment decisions if the investment adviser determines, in good faith, that the commissions paid are reasonable in relation to the value of the brokerage and research products and services provided by the broker-dealer. Such products and services obtained with soft dollars may be used by investment advisers in servicing any or all of the investment adviser's other clients and may be used in connection with clients other than those who generated the brokerage. As a matter of policy and practice, GAM does not use "soft dollars."

Where a client provides GAM with specific instructions with respect to an order, it will execute the order in accordance with those instructions; however, under such circumstances the client may forego certain benefits and increase its transaction costs since GAM may not be able to obtain best execution. In the absence of specific instructions from a client, GAM will take into account all factors it deems relevant when arranging for the execution of securities transactions, including: price, transaction costs, ability of the broker to efficiently execute transactions, reliability of broker, strength of broker, financial responsibility of broker, likelihood of execution or settlement, size of order, nature of order, apparent capability of the broker to complete the transaction and quality and promptness of execution. GAM will seek competitive commission rates when executing transactions, but not necessarily the lowest rates available.

There are daily communications between and among GAM's personnel to review the prior day's trading activity, including amounts transacted, prices of execution, trade execution commissions, trades against VWAP using third party pricing sources to maintain appropriate dialogue and to analyze daily trade executions. In addition, GAM's Compliance team performs its own oversight of best execution. Notable exceptions which arise from this analysis are investigated and further explanations sought from the trading desk if required. Quality of broker executions are reviewed on an ongoing basis and future trades directed accordingly.

GAM aggregates orders for a client's account with orders for other clients' accounts and allocates the investments or proceeds acquired among the participating accounts in a manner that GAM believes is fair and equitable and in accordance with any applicable rules, and permit the broker with whom the order is placed, in accordance with applicable rules of any exchange, to combine or aggregate a client's order with other orders. If the entire combined

order is not executed at the same price, GAM may average the prices paid or received and charge or credit a client's account with the average net price. Where orders are only partially filled, GAM will allocate the investments to accounts according to our Investment Allocations Policy, which is designed to minimize any conflict of interest between different accounts.

From January 2018, GAM and its affiliates have decided to absorb all research costs in connection with the implementation of the Markets in Financial Instruments Directive (MiFID II) in Europe.

Research budgets have been defined based on individual fund strategy needs. Investment teams continue to consider research offered to them by brokers and may use it in the same way as they would have done prior to MiFID II, however the cost of the research is now paid by GAM centrally, rather than bundled with trading costs and reflected in the funds' net asset value.

### **ITEM 13 – REVIEW OF ACCOUNTS**

Accounts are reviewed by GAM on a periodic basis and reviews take into consideration the investment objectives, policies and restrictions of the applicable account, as well as market conditions and any legal or regulatory restrictions. In addition, significant company, industry and market changes trigger prompt reviews of all relevant accounts. The frequency of meetings with a client is agreed at the start of the client relationship, although this may change over time.

### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

GAM does not currently utilize any non-affiliated third parties to solicit or introduce clients. As disclosed in GAM's Form ADV Part 1, GAM uses the services of various GAM affiliates to solicit or introduce clients and investors in certain of the GAM Funds, but such clients and investors are not subject to any additional fees or charges in connection with such solicitation arrangements.

### **ITEM 15 – CUSTODY**

Securities held by GAM Accounts are held in custody by unaffiliated qualified custodians, such as a broker/dealer or bank (other than certain non-transferable securities that are not required to be held in custody by a bank or custodian). However, GAM may be deemed to have custody of certain assets of some of the GAM Funds because GAM or a related person acts as general partner, managing member or in a similar capacity or otherwise has authority over client assets.

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. GAM urges clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. GAM statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

GAM is deemed to have custody of the GAM Funds' assets pursuant to Advisers Act Rule 206(4)-2. To ensure compliance with Rule 206(4)-2, GAM must provide (or arrange for the provision of) audited financial statements ("AFS") to investors within 120 days after the end of the relevant GAM Fund's fiscal year, and GAM provides (or arranges for the provision of) AFS for certain GAM Funds within 90 days of the relevant GAM Fund's fiscal year end to comply with CFTC and NFA requirements, as applicable.

#### **ITEM 16 – INVESTMENT DISCRETION**

GAM usually receives discretionary authority from the client to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account or GAM Fund.

When selecting securities and determining amounts, GAM observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to GAM in writing.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

The majority of the GAM's program trades are futures and foreign exchange forwards, which do not carry voting rights. In relation to the positions in single stocks, GAM's systematic investment strategy does not include active engagement with investee companies, and GAM does not consider that its clients would expect such engagement. As a result, GAM's proxy voting policy is that GAM does not vote.

Clients/Investors or prospective clients/investors may inquire further about GAM's proxy voting policy by contacting the Chief Compliance Officer at [Andrew.Radford@gam.com](mailto:Andrew.Radford@gam.com).

#### **ITEM 18 – FINANCIAL INFORMATION**

Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition. GAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.