

# Part 2A of Form ADV – Disclosure Brochure

Date: March 30, 2023

## Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of GAM International Management Limited (“GIML”). If you have any questions about the contents of this brochure, please contact us at [complianceuk@gam.com](mailto:complianceuk@gam.com) or 00 44 (0)20 7493 9990. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

GIML is registered with the SEC as an investment adviser. SEC registration as an investment adviser does not imply any level of skill or training nor that the SEC has passed upon the merits of participating in a trading program managed by GIML or upon the adequacy or accuracy of the contents of this Brochure. Additional information about GIML also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this website by a unique identifying number, known as a CRD number. GIML’s CRD number is 110670.

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 GIML, nor a complete discussion of the features, risks or conflicts associated with any account advised by GIML. This Brochure is not to be relied upon in determining whether to make an investment or establish an advisory relationship with GIML. The information in this Brochure may differ from information provided in the materials that govern an account or investor relationship such as the 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.

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION (THE “COMMISSION”) IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THIS BROCHURE OR ACCOUNT DOCUMENT IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMISSION. THE COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE COMMISSION HAS NOT REVIEWED OR APPROVED THIS TRADING PROGRAM OR THIS BROCHURE OR ACCOUNT DOCUMENT.

**Item 2 Material Changes**

GIML's most recent update to Part 2A of Form ADV was made on March 30, 2022. GIML's business practices have not changed materially since the time of the prior update.

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#### **Item 4 Advisory Business**

GIML has been in business since 1984 and offers portfolio management services to its clients on a discretionary basis, based upon the individual needs and objectives of each client. 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. GIML is authorized and regulated by the UK Financial Conduct Authority in addition to being a registered investment adviser with the 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 CFTC under the Commodity Exchange Act.

As of December 31, 2021, GIML’s assets under management were approximately USD 14.2 billion. All the assets are managed on a discretionary basis.

GIML offers various investment products and services through separately managed account and investment fund structures using both fund of funds and single-manager strategies. Fund of funds strategies involve allocating a client’s assets among a portfolio of funds and accounts managed by other investment managers, 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. clients and investors in private placements pursuant to Regulation D under the Securities Act of 1933, as amended (the “Securities Act”). Single-manager strategies involve investing a client’s assets directly in shares, bonds or other instruments in investment strategies as described below. GIML does not provide financial planning services.

Each of GIML’s investment teams pursues their own individual approach and preferred investment style so that they have the flexibility to implement their talents to the greatest effect, but within the wider risk control framework provided by the GAM Group. Many of our third-party managers have been discovered by GAM group’s hedge funds research team as part of its due diligence process. These selective partnerships enable clients to gain access to many high-calibre, well-established managers who previously either have only been available via funds of funds, to institutional investors or only via offshore vehicles.

#### **Institutional Accounts**

GIML offers institutional investors the flexibility of investing through individually customized managed accounts or dedicated single investor private funds, or U.S. and non-U.S. domiciled commingled funds designed for multiple investors that are managed by GIML or one or more of its affiliates (these commingled funds are referred to as “GAM Funds”). For the purposes of convenience, the privately offered funds and other client accounts that GIML manages or advises are sometimes referred herein as “GAM Accounts.”

GAM Accounts may invest:

- directly in securities, commodities, currencies, derivatives and other financial instruments.
- in other GAM Funds managed by GAM’s Alternative Investments Solutions team (“AIS”);
- in other pooled investment vehicles, including GAM Funds managed by affiliates of GIML in the GAM group of companies (the “GAM Group”) and/or funds managed by other unrelated asset managers (“Portfolio Managers”);

- in separate non-U.S. investment vehicles established or formed by an affiliate of GIML and typically managed by Portfolio Managers, which are generally only available to investment advisory clients of a member of the Group; or
- with Portfolio Managers via one or more fund of funds commingled managed account platforms.

In relation to U.S. domiciled funds, GIML may act as sub-adviser to GAM USA Inc., a U.S. based SEC-registered investment adviser and an affiliate of GIML. 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.

### **Single Manager Mandates**

GAM Funds and accounts may utilize a wide range of investment strategies, depending on the specialty of the individual fund manager. Prospective investors should refer to the governing materials for the relevant GAM Fund. GAM Funds are typically set up as British Virgin Islands or Cayman Islands incorporated companies, Ireland or Luxembourg based UCITS funds or U.S. domiciled funds. For some funds, GIML as investment adviser may delegate to a third-party manager who has specific expertise in that particular mandate or strategy, as detailed in the relevant governing materials for that GAM Fund.

### **Fund of Funds Mandates**

The AIS research team uses quantitative and qualitative methods to identify what the team believes are the most promising Portfolio Managers for potential investment. The team analyses each Portfolio Manager's investment approach to identify the source and repeatability of the Portfolio Manager's performance. The size of a portfolio position is generally based upon the strength of the investment case and the Portfolio Manager's expected return, risk and correlation objectives. AIS uses different risk management tools throughout the investment process in order to better understand the sources of risk and reward in a particular portfolio. Strategy-specific investment professionals dedicated to particular market segments and geographic sectors conduct the research.

A separate team (the "Operational Due Diligence Team") conducts initial operational due diligence and ongoing assessments of the key non-investment risks of the underlying Portfolio Managers and certain of the underlying funds' key service providers. The Operational Due Diligence Team has the power to veto any underlying fund/Portfolio Manager selection decision about which it has operational concerns.

The AIS investment process provides discipline and risk management, which can be summarized in five stages:

- Establish objectives and weights - portfolio objective and allocation guidelines;
- Identification of Talent - quantitative and qualitative analysis;
- Manager Evaluation - investment and operational due diligence, performance expectations;
- Portfolio Construction - portfolio modeling; and
- Risk Management - Portfolio Managers, portfolio and risk monitoring

Some of the above functions are performed by employees of GIML affiliates located in New York and Zurich.

## **Item 5 Fees and Compensation**

The fees for GIML's services are typically based on a percentage of the a client's 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, GIML's fees will be payable monthly or quarterly in arrears.

The basic fee schedule for GAM Funds is typically 1 to 1.5% of average daily net assets under management (depending on type of investments and fund) and the exact rate is disclosed in the governing materials for the relevant fund. 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 governing materials. 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.

GIML, an affiliate, or a GAM Fund managed, advised or sponsored by GIML or an affiliate, may enter into side agreements with specific investors in a GAM Fund providing for different fees, withdrawal rights, access to information about the GAM Fund's investments, or other matters relating to an investment in the GAM Fund. Appropriate disclosure will be made to other clients and GAM Fund investors of any terms of any such side letter that could potentially adversely affect other clients or investors in a GAM Fund. Certain investors, including "seed" investors and persons associated or formerly associated with GIML or an affiliate (and members of their families), as well as certain friends of such persons, may receive preferential fee arrangements.

The fees for institutional separate accounts are negotiated and vary based upon a variety of factors, including the type of client, investment amount, the circumstances of the client, anticipated 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 GIML. In addition to being subject to the fees charged by GIML, the portion of each client account that is invested in a fund will also bear a proportionate share of the advisory fees and other expenses of that fund.

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

## **Item 6 Performance-Based Fees and Side-By-Side Management**

In some cases, GIML may enter into performance-based compensation arrangements with qualified clients. These compensation arrangements are subject to negotiation with each client. GIML 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, GIML will ordinarily include realized and unrealized capital gains and losses.

Performance based compensation arrangements may create an incentive for GIML to recommend investments that may be riskier or more speculative than what GIML would recommend 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. GIML 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**

As noted above, GIML provides investment management services to a range of pooled investment vehicles, including GAM Funds (including European regulated commingled funds referred to as “UCITS” and open-end investment fund structures referred to as “SICAVs”), corporate and public pension plans, trusts, estates, charitable organizations, foundations, endowments, corporations and other business entities.

In general, U.S. investors in GAM Funds must qualify as both “accredited investors” as defined in Regulation D under the Securities Act and “qualified purchasers” as defined in Section 2(a)(51) under the Investment Company Act and meet other applicable suitability requirements. Generally, investors must invest a minimum dollar amount (which may be waived, modified or negotiated at the sole discretion of GIML and / or the applicable GAM Fund).

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

GIML and its affiliates manage GAM Funds and accounts using both fund of funds and single-manager investment strategies. In both cases, the underlying assets may be invested in a wide range of investments and strategies. GIML’s security analysis primarily includes fundamental analysis, but it may utilize other methods, like technical analysis, depending on the strategy and individual fund manager. There can be no assurance that any accounts managed by GIML 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 or investment management agreement.

An investment in any product or strategy offered by GIML 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.

**Investment and Trading Risks in General:** 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 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 be or become illiquid. A portfolio may invest in “restricted” or non-publicly traded securities or thinly traded securities, securities traded on non-U.S. exchanges, securities that are acquired directly in private placements that are not registered under U.S. securities laws, or securities traded off established exchanges on an “over the counter” basis. It may not be easy to dispose of such non-publicly or thinly traded securities, and in some cases, there may be contractual restrictions preventing the disposal of securities for a specified period. The lack of an established secondary market could make it more difficult to value securities, which could result in the value varying from the amount realized at disposition. In addition, an exchange or regulatory authority may suspend trading in a particular security or contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. Foreign currency forward contracts and other transactions in derivative instruments not traded on regulated exchanges may be entered into with banks, brokerage firms and other counterparties, may not be assigned without the consent of the counterparty, and may result in losses in the event of a default or bankruptcy of the counterparty.

**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 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 Exchange 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:** GIML engage in various types of options transactions on behalf of clients. 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:** GIML engages in futures transactions on behalf of clients. 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.

**ESG Considerations.** Some investment managers and strategies take into account environmental, social and governance ("ESG") considerations. Under certain circumstances, this could cause the strategy or manager to underperform funds that do not take into account ESG considerations. For example, the incorporation of ESG considerations may result in a manager or strategy forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so. The incorporation of ESG considerations may also affect a manager's or strategy's exposure to certain countries, sectors, industries, companies and/or types of investments. Decisions based on ESG considerations may be based in whole or in part on data

provided by third parties, which may be difficult or impossible to verify. The application of ESG considerations by managers often lacks standardization, consistency and transparency.

### **Cybersecurity and Systems Risks**

GIML 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 GIML'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. GIML 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 GIML has implemented various measures intended to protect its systems and data held by GIML 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 GIML 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 GIML or the 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, GIML or the GAM Accounts will be affected by any of these events. GIML or the GAM Accounts may incur interruption of critical business functions and significant losses as a result of 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 Accounts and its investments.

### **Systemic Risks**

Certain investments have in the past, especially during periods of market turmoil, experienced periods of substantial illiquidity. The inability of investors to sell certain types of investments can lead to the potential inability of other investors to meet margin calls or fund their obligations, the impact of which can be further aggravated as dealers and counterparties reduce available credit lines and investors withdraw additional capital. In extreme market conditions, these factors can lead to a downward cycle that can have a significant adverse effect on the market prices of investments.

## Particular Risks Applicable to Fund of Funds Strategies

GAM Accounts managed using a fund of funds strategy are subject to all of the investment risks that may be involved in investments in securities and other financial instruments and are also subject to certain additional risks that are unique to the fund of funds structure. The AIS team currently classifies each Portfolio Manager investment into one of the following four specific investment strategies: (i) Relative Value; (ii) Event Driven; (iii) Equity Hedge; and (iv) Trading. In addition, each investment strategy is divided into a number of sub-strategies and then into styles within each of the sub-strategies.

The AIS research team's process for evaluating Portfolio Managers includes the following three types of analysis:

- **Investment Due Diligence:** This investment analysis seeks to identify the source and repeatability of a given Portfolio Manager's competitive advantage. Our Specialist Investment teams use a systematic and structured framework to conduct their in-depth investment analysis. This analysis typically includes face-to-face meetings with the Portfolio Manager and covers the following four main areas: (i) viability of investment team; (ii) source of competitive advantage and repeatability; (iii) the Portfolio Manager's risk taking approach; and (iv) suitability for active management. This analysis typically also covers fee levels, liquidity, and assets under management of the Portfolio Manager. In addition, a qualitative review is undertaken and is combined with the quantitative analysis to set our research priorities for each strategy and sub-strategy. Particularly for new Portfolio Managers, we consider the experience of the principals involved to determine whether they have the appropriate skills to create both an attractive investment strategy and an operationally sound investment organization.
- **Operational Due Diligence.** The Operational Due Diligence Team carries out due diligence to assess the operational risk of each potential Portfolio Fund/Portfolio Manager as well as ongoing due diligence on those Portfolio Funds/Portfolio Managers with which we are invested. The operational due diligence review generally includes an analysis of the Portfolio Manager's operating controls and processes, Portfolio Fund documentation (such as offering documents, constitutional documents, and key service provider contractual arrangements), valuation and pricing policies, back-office integrity, an assessment of the key service providers, and underlying fund audited financial statements.

Before a Portfolio Manager can be approved for investment into a portfolio, the AIS portfolio manager must present the investment case for approval to certain senior AIS portfolio managers who are members of AIS Investment Management Committee (the "IMC"). The investment case must consolidate the two key analyses listed above. If the investment is approved, the investment is typically then reviewed monthly by the IMC. At the monthly meeting, the IMC generally re-examines each investment, the performance of each Portfolio Manager versus peer group, new potential Portfolio Managers, magnitude of potential draw downs and market and sub-strategy outlooks.

**Allocation of Assets to Multiple Portfolio Managers:** Assets managed using a fund of funds strategy are allocated to several Portfolio Managers, often by investing in investment vehicles which they manage ("Portfolio Funds"). Each Portfolio Manager makes its trading decisions independently. Portfolio Managers may on occasion be competing for similar positions at the same time and may take opposite positions in the same or in a related security. If a Portfolio Manager is replaced by a new Portfolio Manager, the assets allocated to the new Portfolio Manager may be subject to incentive compensation arrangements commencing from the date of appointment of the new Portfolio Manager. The portfolio may be required to pay incentive compensation based

upon profits generated by one Portfolio Manager even though another Portfolio Manager or the portfolio as a whole may have realized a loss.

**Two Levels of Expenses:** An investor investing in a fund of funds portfolio incurs the costs of two levels of investment advisory services: the management fee paid by the investor for the selection of Portfolio Managers, and the incentive and other fees paid to each Portfolio Manager. In addition, the investor bears a proportionate share of the fees and expenses of the portfolio (including operating costs, distribution expenses and administrative fees) and, indirectly, similar expenses of the Portfolio Managers and Portfolio Funds. An investor who met the conditions imposed by a Portfolio Manager or Portfolio Fund may be able to invest directly with the Portfolio Manager or Portfolio Fund, although in many cases access to a Portfolio Manager or Portfolio Fund may be limited or unavailable.

**Lack of Regulation of Portfolio Funds:** Portfolio Funds may not be subject to any form of authorization or regulatory supervision. Portfolio Funds may not be required to have an independent custodian or any custodian at all. Portfolio Funds are generally not subject to many provisions that are designed to protect investors in pooled investment vehicles offered to the public and may not generally be subject to regulation or inspection by the SEC or any comparable scheme of regulation or governmental oversight in their home jurisdiction.

**Illiquidity:** Investments in Portfolio Funds may be subject to lock-up periods, limited redemption rights, advance notice requirements, suspension rights, gates, side pockets and other provisions that adversely affect liquidity. Interests in Portfolio Funds typically have not been registered under U.S. or other securities laws, typically are not listed or dealt in on any securities exchange, and typically are not freely transferable. It may be difficult or impossible to sell such Interests. Portfolio Funds may not permit redemptions and, under certain conditions, may defer redemption payments or suspend redemptions.

**Distributions in Kind:** An investor in a Portfolio Fund may be required to accept distributions of securities or other assets from the Portfolio Fund. The investments may be illiquid and not readily realizable.

**Valuation of Portfolio Funds:** The valuation of investments in Portfolio Funds is ordinarily determined based upon valuations provided by the managers or administrators for the Portfolio Funds. Although GIML or an affiliate reviews the valuation procedures used by Portfolio Funds and Portfolio Managers, they are not able to confirm the accuracy of valuations provided by Portfolio Funds and Portfolio Managers.

**No Control over Portfolio Managers or Funds:** GIML will not be able to control or monitor the activities of Portfolio Funds and Portfolio Managers on a continuous basis. A Portfolio Manager may use investment strategies that differ from its past practices, have not been fully disclosed to investors, or involve added risks under certain market conditions.

**Lack of Available Information about Funds and Portfolio Managers:** There may only be limited information available about the Portfolio Funds, Portfolio Managers, or their service providers. Some Portfolio Managers and Portfolio Funds may have limited operating histories.

**Recent Changes in Regulation:** Legal, tax and regulatory developments could occur that may adversely affect GAM Accounts. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, CFTC and other U.S. and non-U.S. regulators, self-regulatory organizations, and exchanges. The U.S. Congress and European Union both have recently enacted broad financial legislation affecting the operations of banks, private funds, and other financial institutions. Many provisions of the legislation will be implemented through rulemaking over a period of time. The impact of such regulation on certain trading strategies and operations is impossible to predict and may be adverse. The

regulatory environment for hedge funds, swaps, and short selling activities is evolving, and changes in such regulation may adversely affect the ability to pursue certain investment strategies, the availability of leverage and financing, and the value of certain investments.

### **Speculative Nature of Certain Investments**

Certain investments may be regarded as speculative in nature and involve increased levels of investment risk. Since an inherent part of some investment strategies will be to identify securities that are undervalued (or, in the case of short positions, overvalued) by the marketplace, success of such strategies necessarily depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur.

### **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 a client's evaluation of GIML.

In 2017 GIML agreed to an offer of settlement with the Chicago Board of Trade ("CBOT") in which GIML neither admitted nor denied a rule violation and agreed to pay a fine of \$25,000. This followed an incident whereby GIML executed two Exchange for Related Position ("EFRP") transactions in the 10-Year U.S. Treasury Note futures market that were contingent upon each other for the purpose of offsetting the related position without the incurrence of market risk. A Panel of the CBOT found that these transactions were transitory in nature and, therefore, were not bona fide. Additionally, the Panel found that the quantity of the related position was not approximately equivalent to the quantity of the Exchange component of the EFRP. The Panel thus concluded that GIML thereby violated CBOT Rules 538.C. and 538.E. The order instructed by GIML did not have any market risk as both clients were exchanging the same/offsetting positions. The appointed executing and clearing broker failed to identify the mismatch in position size. GIML intended to rebalance the position held by two clients as a result of one shrinking in size relative to the other; however, the rebalancing transactions should not have been booked as an invoice spread/risk free transfer at the exchange.

In 2021 GIML reach a settlement with the FCA. The FCA opened the investigation into GIML following the suspension of an Investment Director on 31st July 2018. This settlement concerns the operations of GIML's conflicts of interest framework between November 2014 and October 2017 and conflicts of interest arising out of three specific investments made by The Absolute Return Bond Fund (ARBF) team between October 2016 and March 2018.

GIML has fully cooperated with the FCA's investigation, and this brings their investigations into GIML to a close.

### **Item 10 Other Financial Industry Activities and Affiliations**

In addition to its registration as an investment adviser with the SEC under the Advisers Act, GIML is also registered as a commodity trading advisor and commodity pool operator with the Commodity Futures Trading Commission under the Commodity Exchange Act. GIML is a member of the National Futures Association and is approved as a swaps firm by the National Futures Association<sup>1</sup>. Certain individuals associated with GIML are registered with the National Futures Association as Associated Persons, Swap Associated Persons and/or Principals of GIML. GIML is authorized and regulated by the UK Financial Conduct Authority<sup>1</sup>.

The ultimate parent company of GIML 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 USA Inc., an indirect subsidiary of GAM Holding 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<sup>1</sup> 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<sup>1</sup>. 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 Systematic LLP ("GAM Systematic") (formerly Cantab Capital Partners LLP), a multi-strategy systematic investment manager based in Cambridge, UK, is also an indirect wholly owned subsidiary of GAM Holding and is registered as an investment adviser with the SEC under the Advisers Act. GAM Systematic is registered as a commodity trading advisor and commodity pool operator with the CFTC. GAM Systematic is also a member of the NFA and is approved as a swaps firm by the NFA. Certain individuals associated with GAM Systematic are registered with the NFA as Associated Persons and/or Principals of GAM Systematic. Certain individuals associated with GIML and GAM USA are registered with the NFA as an Associated Person and a Swap Associated Person of GAM Systematic. In addition, GAM Systematic is authorized and regulated by the UK Financial Conduct Authority<sup>1</sup>.

GAM Investment Management (Switzerland) AG, an asset manager based in Switzerland, is also an indirect wholly owned subsidiary of GAM Holding AG.

<sup>1</sup>Such registrations and membership do not imply any level of skill or training or that the SEC, CFTC, the NFA or the FCA have passed on the merits of the services provided by the referenced GAM entities.

## **Other Activities and Potential Conflicts of Interest**

GIML may invest a portion of clients' assets in investment funds or partnerships in the GAM Funds that are advised or sponsored by other affiliates in the Group. In such cases, GIML or its affiliates will receive advisory fees directly from the investment funds at the same time that GIML receives advisory fees directly from its clients. The combination of such fees may exceed the fees charged by other investment advisers for comparable investment advisory services. Clients could avoid paying advisory fees to GIML and still receive the benefit of the services of the advisors to the investment funds by investing directly in the investment funds. However, clients investing directly in the investment funds would not receive the benefit of GIML's advice as to how to allocate investments between the investment funds and when to change such allocations.

GIML or an affiliate may serve as general partner, advisor, managing member, administrator, secretary or in similar capacities for investment vehicles in which clients of GIML may be solicited to invest.

GIML 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. GIML, its affiliates and their employees may own interests in some funds.

GAM Fund Management Limited, an affiliate of GIML, 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. GIML 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.

Certain GAM affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with GIML's obligation of best execution, as described further below in Item 12. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities on an average price basis. GIML will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro-rata basis. Any exceptions will be explained on the order.

Under limited circumstances, certain affiliates of GIML may repurchase from clients shares or interests in Portfolio Funds and resell such shares or interests to other clients. Such circumstances may include monthly rebalancing of client accounts with similar investment strategies as a result of cash inflows and outflows. Such transactions will be effected at the current net asset value of the shares or interests involved.

In general, it is against internal policy for GIML to act as principal in client securities transactions. Any such transactions would only be effected with the consent of the client as required under Section 206(3) of the Advisers Act.

GIML will only engage in cross transactions (causing one client account to buy or sell securities from or to another client account) when the transaction is in the best interests of, and consistent with the investment objectives and policies of, both accounts involved in the transaction. If a cross transaction is considered, it is GIML's policy to effect all cross transactions in the most equitable and fair manner for all clients involved.

Any cross transaction between client accounts must be effected for cash consideration at the current market price of the security, based on current sales data relating to transactions of comparable size for the same security. If no comparable sales data are available on the day in question, then the cross transaction shall be effected at a price based upon GIML's valuation procedures.

If a cross transaction is effected directly between a GAM Account and another client account, then no brokerage commission, fees (except for customary transfer fees) or other remuneration should apply. If the cross transaction is effected through the markets using a broker as intermediary for the transaction, then a customary brokerage commission may be charged.

If a GAM Account is an employee benefit plan within the meaning of ERISA, a "plan asset" Fund, or an IRA (collectively, "ERISA Clients"), the account is also subject to certain additional requirements. GIML generally may not effect cross trades involving an ERISA Client unless an exemption is available for the transaction.

GIML's policies prohibit GIML employees from making any political or charitable contributions for the purpose of obtaining or retaining potential or existing GAM Accounts. GIML's employees are permitted to make personal political or charitable contributions in accordance with applicable law and GIML's Code of Ethics (the "Code"). GIML employees are required to obtain pre-approval before they make any contributions to a political candidate, government official, political party or political action committee. GIML employees may not do anything indirectly that if done directly would result in a violation of the Code (e.g., a spouse making a political contribution that the GAM employee could not make himself or herself).

#### **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

GIML has adopted a Code of Ethics for all of its employees, 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 includes all directors of GIML and all personnel involved in the investment process for GAM funds and clients managed by GIML. GIML covers the Code of Ethics requirements by the following policies, Personal Account Dealing, Gifts and Entertainment, Code of Conduct and Outside Business Activities.

All such individuals must acknowledge the terms of the Code of Ethics related policies annually. Other employees of GIML, although not specifically required to follow GIML'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 GIML may trade for their own accounts in securities that are recommended to and/or purchased for GIML's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of GIML 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 GIML'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). Restrictions are placed on personal securities transactions, including a restricted period of 24 hours either side of a trade for a client in the same security and a minimum holding period of 30 days, subject to certain exceptions. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between GIML 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 GIML's Code of Ethics by contacting the Chief Compliance Officer or [compliance@gam.com](mailto:compliance@gam.com).

#### **Item 12 Brokerage Practices**

GIML will ordinarily be granted discretionary authority to determine the securities and the number 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. Transactions for



accounts using AIS strategies will typically consist primarily of the purchase or redemption of shares of third-party funds through the relevant fund administrator and will not involve payment of brokerage commissions.

When executing trades on behalf of clients, GIML's trading desk (or equivalent) has a duty to select brokers that will enable GIML 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, the trader may execute trades through any broker that has met GAM's relevant requirements with respect to broker selection.

Where a client provides GIML 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 GIML may not be able to obtain best execution. In the absence of specific instructions from a client, GIML 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 investment personnel (fund managers, traders, analysts and investment personnel support staff) to review the prior day's trading activity,

The quality of broker executions is reviewed on an ongoing basis by the trading desk. This includes some or all of the following at each review: amounts transacted, prices of execution, trade execution commissions, trades against VWAP using third party pricing sources and any open orders 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.

GIML 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 GIML believe 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, GIML 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, GIML will allocate the investments to accounts according to our Investment Allocations Policy, which is designed to minimize any conflict of interest between different accounts.

## **Research Costs**

From January 2018, GAM Holding, 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 GIML and the relevant portfolio manager 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 are likely to trigger 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**

GIML does not currently utilize any non-affiliated third parties to solicit or introduce U.S. clients.

### **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, GIML may be deemed to have custody of certain assets of some of the GAM Funds because GIML 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. GIML urges clients to carefully review such statements and compare such official custodial records to the account statements that GIML may provide to you. Statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities

### **Item 16 Investment Discretion**

GIML usually receives discretionary authority from a client to select the identity and number 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 client account or GAM Fund.

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

### **Item 17 Voting Client Securities**

Clients may obtain a copy of GAM's Global Proxy Voting Policy and Group Proxy Voting Procedures upon request by contacting GIML's Chief Compliance Officer. Clients may also obtain information from GIML about how GIML voted any proxies on behalf of their account(s). Under certain circumstances, an individually customized managed client account that has delegated proxy voting authority to GIML would be able to instruct GIML to vote with respect to a particular ballot.

GIML exercises a voice on behalf of its clients through the proxy voting process. GIML takes this fiduciary responsibility seriously. Accordingly, the GAM Governance and Responsible Investment team (the "GRI Team") recommends how proxy votes should be cast to the portfolio managers. In making its recommendations, the GRI Team may utilize an independent third-party service provider to assist in formulating its proxy voting recommendations. The GRI Team will, in most cases, be guided by the country specific principles of good governance and are mindful to be consistent in its application of its governance principles across all companies and markets in which the Group invests. We believe this process ensures that

GIML votes in the best interests of its clients and helps insulate voting decisions from any potential conflicts of interest.

Portfolio managers will generally act in accordance with the recommendation provided by the GRI Team. However, a portfolio manager may override the policy if the portfolio manager determines it is in a client's best interests. Should any material conflict or potential conflict of interest be identified, the portfolio manager would be prohibited from overriding the policy. The possibility exists, therefore, that certain issues may be voted differently depending on the GAM Account that holds the security. GIML's Board of Directors retains the final authority for all proxy voting activity and has the ability to overrule vote decisions of the portfolio manager.

Voting for funds managed by external Portfolio Managers is determined by each external Portfolio Manager under its policy and guidelines and not by GIML.

### **Item 18 Financial Information**

Registered investment advisers are required to provide clients with certain financial information or disclosures about their financial condition. GIML is not aware of any financial commitment that could impair its ability to meet contractual and fiduciary commitments to its clients and has not been the subject of a bankruptcy proceeding.