

Krupa Global Investments spoke with Bluebell Capital Partners in relation to GAM

Prague, Czech Republic, London, UK, December 10, 2019

Krupa Global Investments (KGI), which is a shareholder of GAM, supports the recent requests made by Bluebell Capital Partners to the company including to identify a clear path to restore profitability of the Investment Management and to initiate a strategic review of the Private Labelling business.

KGI believes that GAM did not communicate well to the market in relation to the events which led to the liquidation of GAM Unconstrained/Absolute Return Bond Strategy (ARBF) managed by former Portfolio Manager Tim Haywood. Based on the information released by the company, KGI formed the view that the ARBF problems were not due to any regulatory or criminal breach or by bad investment decisions made by Mr. Haywood, as the ARBF fund was in the end successfully liquidated and the money was repaid back in full to investors with a premium.

GAM's CFO Mr. McNamara told us the similar thing that Mr. Haywood's action was not material when we met with him earlier this year in Zurich. GAM shares lost nearly 80% of its value from time when scandal first appeared back in 2018. This situation brought down AUM in investment management more than CHF 30 billion and the only solution that current management suggested so far was a CHF 40 million cost cut, which is absurd in our opinion compared to damages that have been made recently to AUM and GAM shareholder value in recent months.

KGI shares Bluebell Capital Partners view's that **the current situation requires urgent attention by the Board of Directors of GAM which we expect to act quickly to reduce costs and bring investment management division back on track to AUM inflows and higher profitability. KGI will give new CEO Peter Sanderson and management time until full year results in February 2020 to show us the path to restore profitability, but if this plan will not be sufficient KGI will consider to support initiatives taken by other shareholders which are equally unhappy with the situation with the aim to replace the board at AGM in 2020.** Based on the preliminary talks this strategy has support from major shareholders from EU and Asia as well. We also believe that GAM should look for strategic investor for further development in banking, insurance or asset management sector either from Asia or Europe.

Krupa Global Investments is a spin-off from private equity group Arca Capital with AUM of €2bn. Our opportunistic business utilizes an activist investment approach in order to improve management practices, increase returns, and protect the interests of small shareholders. To further our objectives, we enlist the support of key partners when needed. For example, we invited Carl Icahn to involve himself and help increase the price on a problematic buyout transaction involving AmTrust Financial Services.

<https://www.reuters.com/article/us-amtrust-fin-serv-stake-icahn/carl-icahn-files-lawsuit-against-amtrust-controlling-family-idUSKCN1M1UJ>

Contact for media:

Mgr. Barbora Hanáková, spokeswoman, +420 776 575 096, hanakova@krupainvestments.com
Krupa Global Investments a.s., Doudlebska 1699/5, 140 00 Prague 4, Czech Republic

www.krupainvestments.com