

Krupa Global Investments urges GAM management to take immediate action amid further AUM outflow, create shareholders committee to attract strategic investor; KGI bought more shares of GAM

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Krupa Global Investments (KGI) shareholder of GAM, urges management of GAM to make fast decisions to stabilize and grow AUM in their most profitable business Investment management and prepare GAM for strategic investor.

Last week, GAM published full year results update which claimed that underlying profit before tax is expected to be around CHF 10m, but AUM in key Investment management business fell further in 4Q 2019 after certain stabilization in 3Q 2019. Total AUM fell to CHF132 billion where Private Labelling business is stable but Investment management struggles. This decline came in times when global markets are performing extraordinarily well, which is not a good sign in our opinion.

KGI as a major shareholder is not happy with GAM's performance in recent quarters and we have doubt that February 2020 full year results will change the perspective unless new CEO and Board takes following action.

Due to upcoming results, **KGI suggests that GAM should create independent committee from shareholders representatives which will evaluate further options for GAM. This commission will launch process of finding strategic investor and interpret its results correctly to shareholders.** Last attempts for sale after Tim Haywood scandal were not satisfactory in our opinion due to lack of explanation for shareholders. GAM's Board of Directors nor management did not provide any relevant findings/results from these negotiations for example with Italian insurer Generali Spa. KGI sees urgency in finding strategic investor which will give GAM shareholders further stability and clarity on future.

KGI expects that full year results will provide complete strategy update. If GAM will not provide exact and detailed strategy how to handle this crisis in future or how to proceed with the sale of business which will be beneficial for shareholders, KGI will suggest qualified professional with experience in asset management to join Board of directors at AGM 2020. This representative will act as a watchdog of a board and their decisions, because KGI believes that GAM was not successful in handling Haywood crisis in terms of communication and PR. Our representative would act responsibly and would communicate all issues fairly to investors which is not happening at the moment in our opinion.

"We bought more shares of GAM recently because we have faith in future prospect of this business and its importance but we are not satisfied with management's silence and communication towards investors. GAM deserves better reporting and its shareholders as well. Recent update for full year results is not positive in our opinion even though GAM said it would report profit. We expect declaration and clear vision from Mr. Sanderson how they will proceed with GAM, company which we shareholders together own. I would like to meet with Mr. Sanderson right after results in February so he can explain his strategy in person to us." said Pavol Krupa, chairman of Krupa Global Investments.

Krupa Global Investments is a spin-off from private equity group Arca Capital with AUM of €2bln. 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-idUSKCN1IM1UJ>

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