

28 August 2018

Dear investor,

I wrote to you on 10 August 2018 regarding the respective fund boards' decisions to place the suspended unconstrained/absolute return bond funds (ARBF) into liquidation to ensure all clients in the funds were being treated fairly and equally.

The suspended funds have now obtained the applicable approvals to start the liquidation process.<sup>1</sup> We expect that the funds will make the first distribution of the liquidation proceeds to their respective fund shareholders in early September as each fund completes the various necessary steps. The first payments are expected to return between 74% and 87% of the Luxembourg and Irish-domiciled UCITS funds, and between 60% and 66% of the assets in the Cayman master fund and the associated Cayman and Australian feeder funds. Further information for each fund can be found in the attachment to this letter.

GAM's priority is to maximise value for the investors throughout the liquidation process, while ensuring equal and fair treatment to all. As you know, the ARBF funds have a mix of mainly liquid assets and some less liquid assets, and we are focused on ensuring we balance value maximisation with speed of liquidation. This is why the first distributions will vary in size for different funds. Our expectation is that we will make a further distribution for each fund by the end of September, with subsequent distributions in the coming months, dependent on market conditions.

All investors will be receiving their proportionate share of the liquidation proceeds, whether or not they have submitted a redemption request. Detailed information on the liquidation process will be provided in separate client letters in the coming days. Throughout the liquidation process we will be making distributions based on each investor's proportionate interest in the funds as at the liquidation date. We will also continue to publish fund values (NAV), which will decline for the Luxembourg UCITS and the Australian-domiciled funds as and when distributions are made as part of the liquidation process.

We are putting in place alternative structures for those of you who have indicated to us that you would like to remain invested with the ARBF team. A UCITS fund is expected to be available for investors in the coming weeks, and we are also setting up a new Cayman fund. We will update you when further details are available.

Finally, I would like to thank you for your patience and understanding. The decisions to suspend and liquidate the funds were not easy given the impact on you and other clients, but they were done in the interests of all investors in the funds. We will always seek to ensure that your needs are put first and we will update you further on the liquidation process as it continues.

Please do not hesitate to contact your GAM relationship manager or me if you have any questions.

Sincerely,



Tim Rainsford  
Group Head of Sales and Distribution

<sup>1</sup> Please note that for the relevant Cayman funds a wind down process will be used initially, which will be followed by a formal voluntary liquidation.

## Attachment on fund liquidations

The table below shows the expected first and second distributions as proportion of assets and timings for individual funds. Further distributions will be made in the months following September, dependent on market conditions. All investors will be informed in writing before each distribution is made.

Fund name	First distribution		Second distribution <sup>2</sup>	
	% of fund assets	Timing	% of fund assets	Timing
GAM Multibond – Absolute Return Bond	74%	From 6 September 2018	≈7%	By end September 2018
GAM Multibond – Absolute Return Bond Defender	80%	From 6 September 2018	≈5%	By end September 2018
GAM Multibond – Absolute Return Bond Plus	75%	From 6 September 2018	≈6%	By end September 2018
GAM Star Absolute Return Bond	74%	From 10 September 2018	≈7%	By end September 2018
GAM Star Absolute Return Bond Defender	80%	From 10 September 2018	≈5%	By end September 2018
GAM Star Absolute Return Plus	75%	From 10 September 2018	≈6%	By end September 2018
GAM Star Dynamic Global Bond	87%	From 10 September 2018	≈3%	By end September 2018
GAM Absolute Return Bond Master Fund	60%	From 6 September 2018	≈5%	By end September 2018
GAM Unconstrained Bond Fund	60%	From 6 September 2018	≈5%	By end September 2018
GAM Absolute Return Bond Fund (AU)	60%	From 10 September 2018	≈5%	By end September 2018
GAM Absolute Return Bond Defensive Fund (AU)	66%	From 10 September 2018	≈4%	By end September 2018

<sup>2</sup> The size and timing of the second distributions are based on current expectations in normal market conditions.