

GAM Global Diversified Fund

Annual Short Report

1 January to 31 December 2014

Fund Profile

Investment objective and policy

The objective of the fund is to provide capital appreciation, primarily through investment in quoted securities on a worldwide basis.

The fund is aimed at investors who see it as a convenient way of investing for growth over the medium to long term, and with less risk than investing directly in only a small number of worldwide companies. It is a fund focusing on worldwide markets, and may therefore be appropriate as part of a broader, global portfolio.

It is the policy of the fund to invest at least 51% of its total assets in shares and other equity securities and equity rights. The remaining part (up to a maximum of 49% of the total assets of the fund) may be invested in bonds and other debt securities and debt rights.

The fund may use derivatives and forward currency transactions for the purposes of efficient portfolio management. Such derivatives will be covered and usually exchange-traded. The assets which will underlie the derivative and forward currency contracts may be securities, indices, cash not yet received but due to be received within one month, cash obtained by borrowing, borrowings which the ACD reasonably regards an eligible institution to be committed to provide and synthetic cash.

Risk profile

The price of shares in the fund and any income from them may fall as well as rise and consequently a shareholder may not get back the full amount invested. Changes in exchange rates between currencies may also cause the value of the investment to diminish or increase.

Fund facts

Fund manager	<i>Andrew C Green</i>
Inception date	<i>9 Jan 1984</i>
Annual distribution payment date	<i>27 February</i>
Ex-dividend date	<i>31 December</i>
Total expense ratio* as at 30 Jun 2014	<i>1.58%</i>

*The Total Expense Ratio shows the annual operating expenses of the fund. It does not include transaction expenses or subscription fees.

Fund Performance

Net asset value record

Unit class	Net Asset Value as at 31 Dec 2013	Net Asset Value as at 31 Dec 2014
Income	2874.34p per unit	2852.21p per unit
Accumulation	3807.07p per unit	3784.03p per unit

Distribution

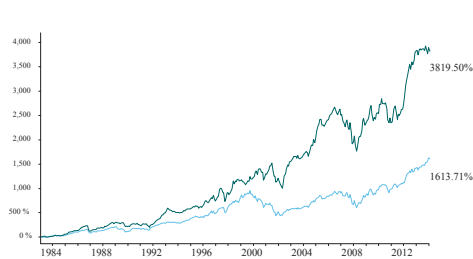
Payment type	Unit class	Payment date	Dividend rate
Annual	Income	28 Feb 2015	N/A
Annual	Accumulation	28 Feb 2015	N/A

Past performance is not indicative of future performance. Performance is provided net of fees.

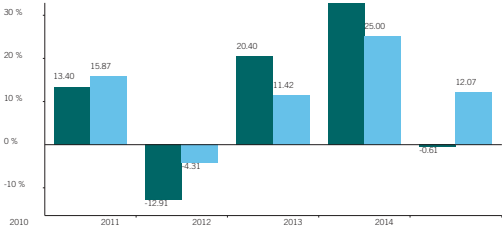
Performance Record

Over the 12-month period 31 December 2013 to 31 December 2014, the fund returned -0.6%, compared to the MSCI World index in GBP which delivered 12.1%. The performance of the fund since inception and over the past five calendar years is shown below.

Performance from 9 Jan 1984 to 31 Dec 2014



Performance history to 31 Dec 2014



The fund does not include the security of capital which is characteristic of a deposit with a bank or building society.

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Key to charts and tables:
Fund: GAM Global Diversified; Equity Index: MSCI World Index in GBP

Standardised past performance as at 31 Dec 2014

December--December (%)	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
GAM Global Diversified	13.40	-12.91	20.40	32.80	-0.61
MSCI World Index in GBP	15.87	-4.31	11.42	25.00	12.07

Portfolio Information

Risk summary as at 31 Dec 2014

	12 months		5 years	
	Fund	Equity Index	Fund	Equity Index
Maximum drawdown (%)	-3.94	-2.93	-16.69	-13.96
Annualised standard deviation (%)	6.49	7.32	12.00	11.32
Sharpe Ratio*	0.16	1.59	0.74	0.98
* Risk free rate is Average GBP 1 Month Deposit Rate				

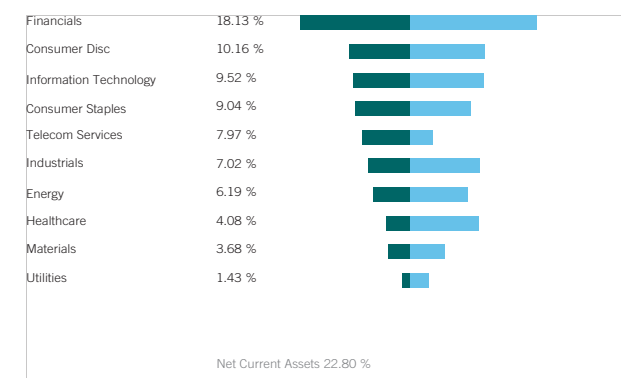
Relative summary as at 31 Dec 2014

	Relative to Equity Index	
	12 months	5 years
Alpha (%)	-0.73	-0.04
Beta	0.71	0.88
Correlation	0.80	0.83

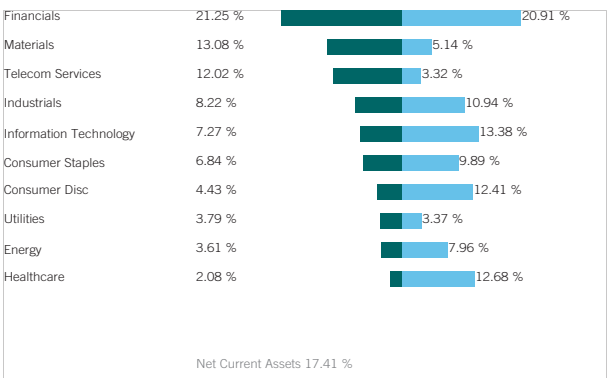
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Industry breakdown vs Equity Index

As at 31 Dec 2013



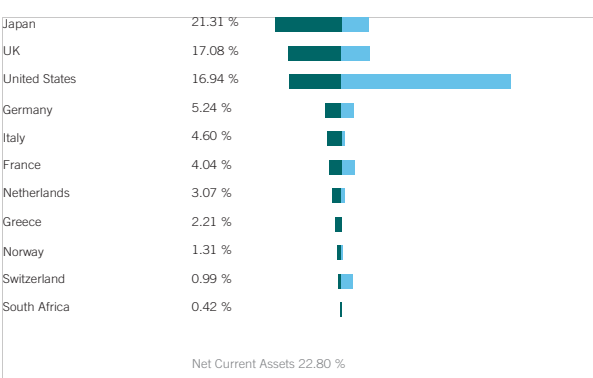
As at 31 Dec 2014



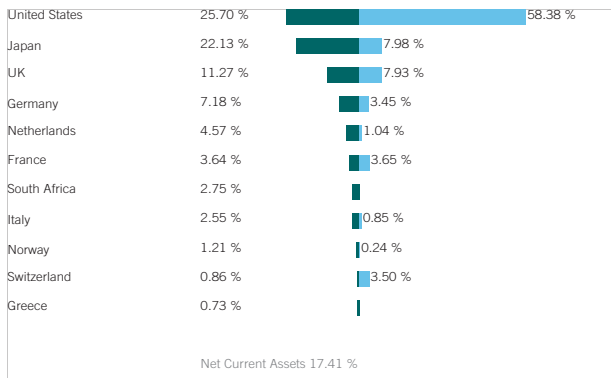
Holdings and allocations are subject to change

Geographical allocation of the investments

As at 31 Dec 2013



As at 31 Dec 2014



Holdings and allocations are subject to change

Key to charts and tables:

Fund: GAM Global Diversified; **Equity Index:** MSCI World Index in GBP

Major holdings

Listed are the top holdings as at 31 December 2014 as well as the top holdings as at 31 December 2013 for comparative purposes.

Holding	% of fund value at 31 Dec 2013	Holding	% of fund value at 31 Dec 2014
Aviva	4.3	AT&T	4.5
BP	4.0	General Electric Company	3.8
Sumitomo Mitsui Financial Group	3.0	Newmont Mining	3.7
eBay	2.9	Sumitomo Mitsui Financial Group	3.4
Walgreen Company	2.8	Mitsubishi UFJ Financial Group	3.4
Vernalis	2.4	Walgreens Boots Alliance	3.2
Pearson	2.2	BP	3.1
Citigroup	2.2	eBay	3.1
Mitsubishi UFJ Financial Group	2.0	Citigroup	2.8
Metro	2.0	Nippon Telegraph & Telephone	2.8
Total	27.8	Total	33.8

Holdings and allocations are subject to change

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Manager commentary – Andrew C Green

Global equity markets moved sideways in the final quarter of 2014, but the bifurcation between US and ex-US performance continued. Outside the US, markets ended the quarter and the year in negative territory, while US equities rose in both the quarter and the year. For value-conscious global investors like us, viewing the US equity market as already rather bereft of opportunities, this led to a difficult period in performance terms. The surge in the dollar, the collapse in energy prices and much greater equity volatility in general compounded the difficult backdrop. Market internals look weaker and more disparate than at the start of the year, while signals from the fixed income markets continue to warrant caution. Consensus remains of the opinion that growth will accelerate and short-term rates will rise in the coming year. We view all these developments as a harbinger of generally more challenging markets in 2015.

The portfolio underperformed its benchmark during the quarter. This was driven principally by our significant underweight position in the US, as well as stock selection in Europe and the US. Furthermore, sterling extended its weakness during the period, which proved a negative as the fund still held a reasonable exposure to the currency. While we were not overweight energy during the period, it was clearly not an easy sector in which to be looking for value, although we did reap a small benefit from a bid for Baker Hughes in November. Our energy position came down over the period and we are now underweight. Positions in materials were diversified predominantly across precious metals and aluminium, and for the most part, these detracted from performance. Anglo American remains our only exposure to diversified mining, largely due to its restructuring characteristics. We still regard gold as a valuable contrarian hedge, however, and the fund retains its exposure in this area, where Newmont Mining is our largest holding.

The coming year boasts a clear consensus at present. Investors are positive about US equities and the US dollar, and negative on US Treasuries. They also appear relatively positive on Japan, sanguine about the likelihood of European QE and generally bullish about global growth. China remains a wild card, but is much more driven by internal developments and sentiment than foreign investors. Investor cash balances remain low and equity allocations high by historic standards. Growth continues to outperform value. In this environment, we see no reason to change our cautious approach, including higher-than-normal cash balances and maintaining a strict contrarian or value bias to our stock selection.

More information about the activities and performance of the fund for this and previous periods can be obtained from the manager.

Report and Accounts

Copies of the annual and half yearly Long Form Report and Accounts of this fund may be obtained (free of charge) from:

GAM Sterling Management Limited
20 King Street
London
SW1Y 6QY

Should you require any further information, please contact Client Services on 0800 919 927 (UK callers) or +353 (0) 609 3927 (international callers).

Other Information

The information in this report is designed to enable investors to make an informed judgement on the activities of the fund during the period it covers and the results of those activities at the end of the period. For more information about the activities and performance of the fund during this and previous periods, please contact the manager.

Changes to the fund

There were no significant changes to the fund over the period from 31 December 2013 to 31 December 2014.

Administration

Authorised Corporate Director:

GAM Sterling Management Limited
(Authorised and regulated by the FSA. Register number 119235)
20 King Street
London, SW1Y 6QY

Trustee:

J.P. Morgan Trustee and Depositary Company Limited
(Authorised and regulated by the Financial Services Authority)
125 London Wall
London, EC2Y 5AJ

Independent Auditors:

PriceWaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Source: GAM, unless otherwise stated. (Where applicable and, unless otherwise noted, performance is shown net of fees, on a NAV to NAV basis).

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The legal documents can be obtained in English, free of charge, from the facilities agent: GAM Fund Management Limited, George's Court, 54-62 Townsend Street, Dublin 2, Ireland or on the internet at www.gam.com.

The legal documents can be obtained in German, free of charge, from the Swiss Representative: GAM Anlagefonds AG, Hardstrasse 201, CH - 8005 Zurich. Paying Agent in Switzerland is State Street Bank GmbH, Munich, Zurich Branch, Beethovenstrasse 19, CH-8027 Zurich. Copies of the legal documents can be obtained in English, free of charge, from the Authorized Corporate Director: GAM Sterling Management Limited, 20 King Street, London SW1Y 6QY. Investments in the funds are not protected by the Financial Services Compensation Scheme.

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