

GAM

How Good Is Your Manager?

A Guide to Benchmarking and Monitoring Trustees' Investments

28th June 2007

What Is A Benchmark?

- Provides a comparison for measurement of performance.
- One type of asset against another
- The performance of a specific manager
- Portfolios invested across several asset classes (composite benchmarks)

Performance & Risk of Global Equities & Global Bonds

Performance from 26 Jun 1997 to 25 Jun 2007



GAM

Presented as supplemental information only. Please refer to the compliance text in this presentation.
Source: MSCI, Thomson Financial Datastream
Past performance is not indicative of future performance.

A US Equity Manager Vs US Equity Market Index

Performance from 20 Jun 1997 to 25 Jun 2007



GAM

Presented as supplemental information only. Please refer to the compliance text in this presentation.
Source: GAM, Thomson Financial Datastream
Past performance is not indicative of future performance.

A Global Balanced Strategy

Investment Parameters

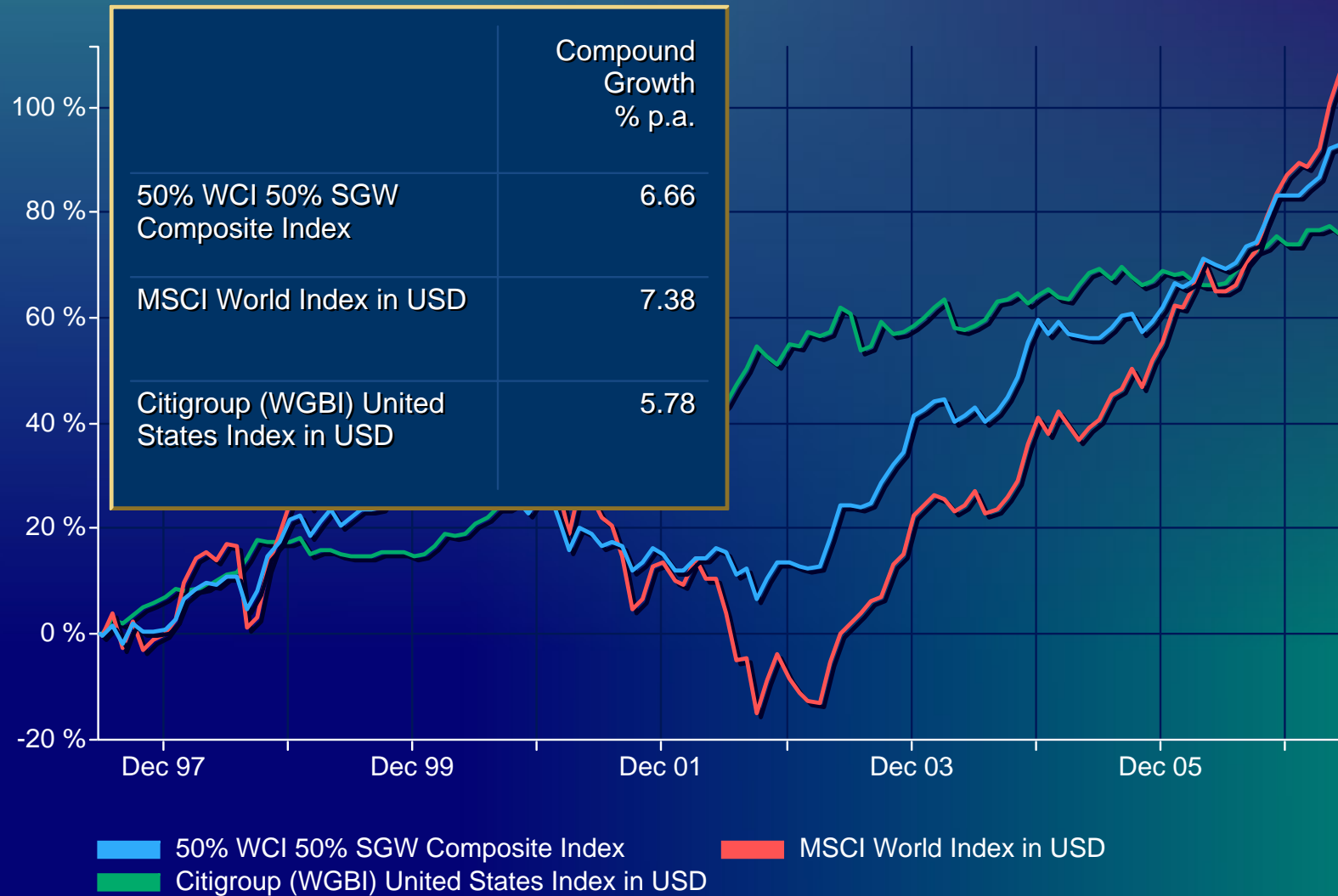
	Min (%)	Neutral (%)	Max (%)
Cash/ Bonds	0	50	100
Equity Long Only	0	50	100

Presented as supplemental information only. Please refer to the compliance text in this presentation.



A Composite Benchmark

Performance from 26 Jun 1997 to 25 Jun 2007

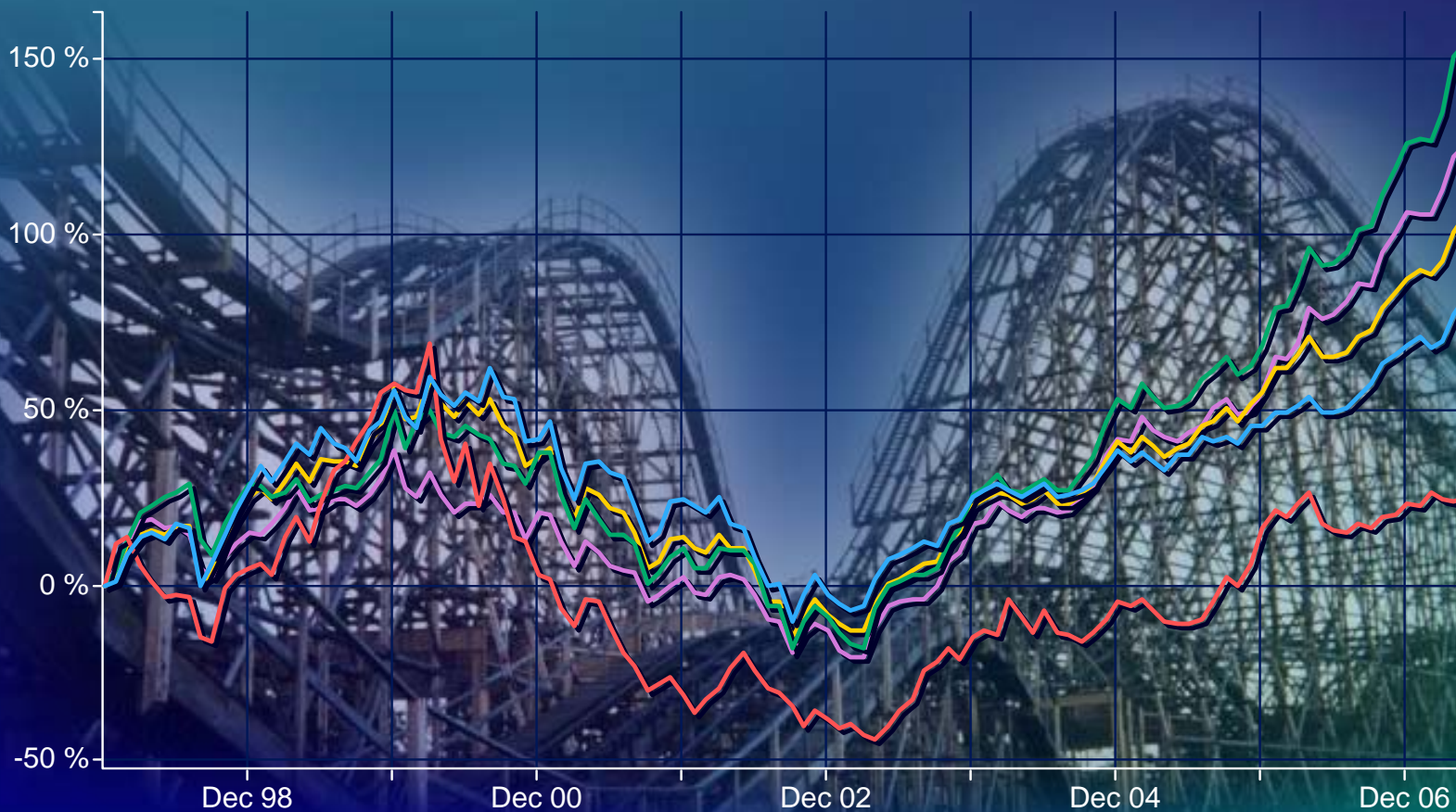


GAM

Presented as supplemental information only. Please refer to the compliance text in this presentation.
Source: GAM, MSCI, Thomson Financial Datastream
Past performance is not indicative of future performance.

Financial Markets and Rollercoasters – Spot the Difference?

Performance from 1 Jan 1998 to 31 May 2007



■ S&P 500 in USD
■ MSCI Europe Index in USD
■ FTSE All-Share Index in USD

■ Nikkei 225 Stock Average in USD
■ MSCI World Index in USD

GAM

Presented as supplemental information only. Please refer to the compliance text in this presentation.
Source: Thomson Financial Datastream
Past performance is not indicative of future performance.

But What About The Risk – For The Client & Trustee?



GAM

3 Questions Trustees Should Ask Regarding Risk

1. How volatile is the return? (measured by Standard Deviation)

Performance & Risk of Global Equities & Global Bonds

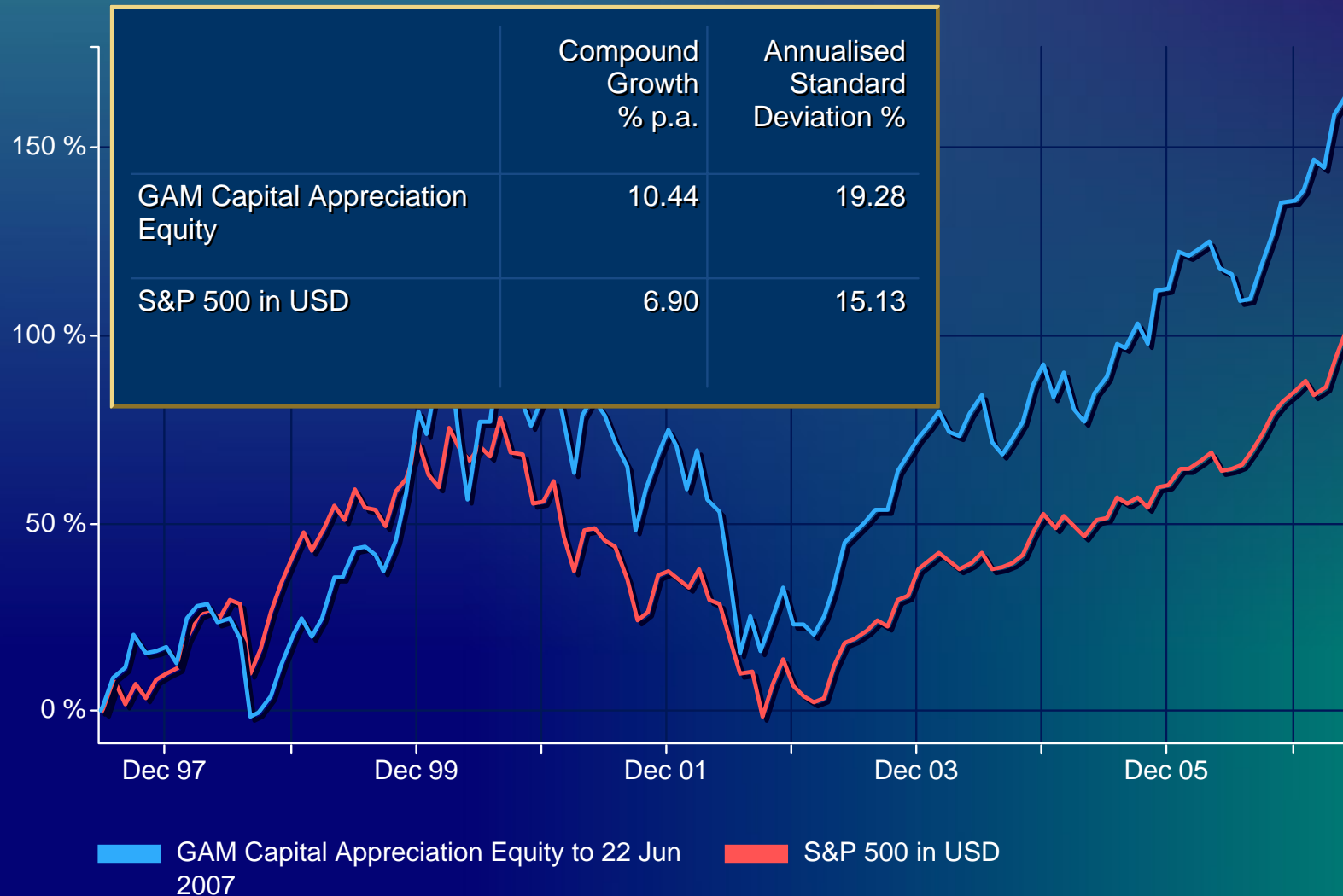
Performance from 26 Jun 1997 to 25 Jun 2007



Presented as supplemental information only. Please refer to the compliance text in this presentation.
 Source: MSCI, Thomson Financial Datastream
 Past performance is not indicative of future performance.

A US Equity Manager Vs US Equity Market Index

Performance from 20 Jun 1997 to 25 Jun 2007



GAM

Presented as supplemental information only. Please refer to the compliance text in this presentation.
Source: GAM, Thomson Financial Datastream
Past performance is not indicative of future performance.

A Composite Benchmark

Performance from 26 Jun 1997 to 25 Jun 2007



GAM

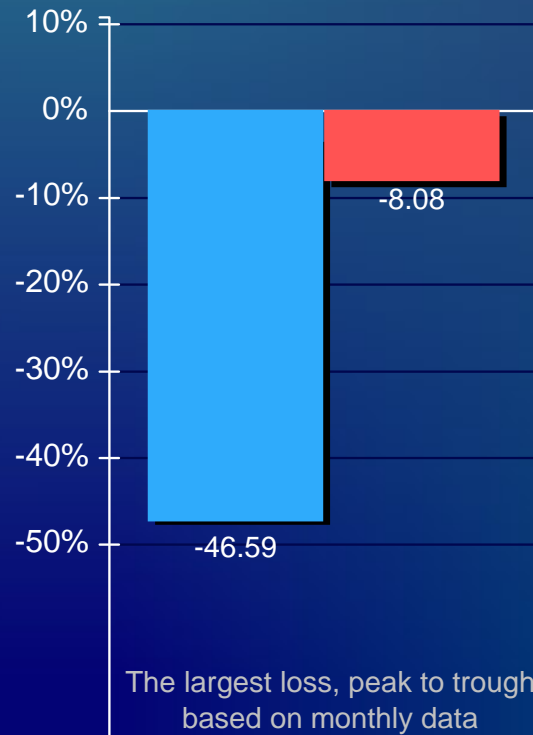
Presented as supplemental information only. Please refer to the compliance text in this presentation.
 Source: GAM, MSCI, Thomson Financial Datastream
 Past performance is not indicative of future performance.

3 Questions Trustees Should Ask Regarding Risk

2. How much could I lose? Measured by the historic maximum potential loss – from the highest peak to the lowest trough. Measure called the maximum drawdown.

Risk Chart WCI versus SGW

Risk characteristics from 19 Jun 1997 to 19 Jun 2007



Maximum
Drawdown %

■ MSCI World Index in USD

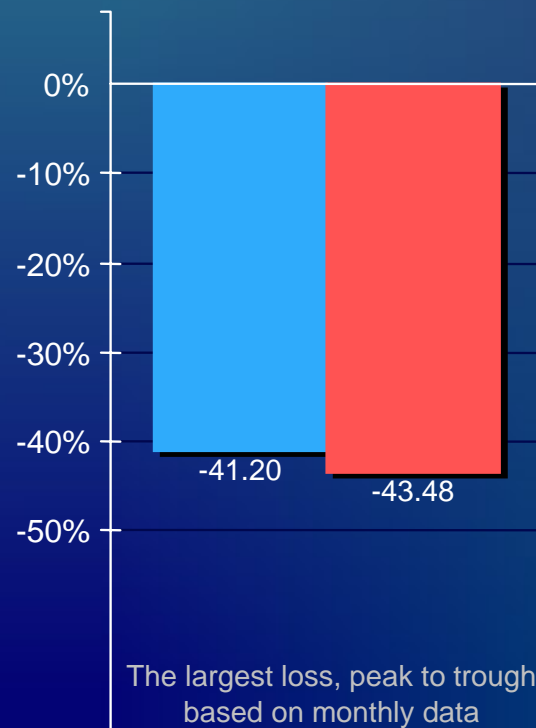
■ Citigroup (WGBI) World Govt. Bond Index in USD

GAM

Presented as supplemental information only. Please refer to the compliance text in this presentation.
Source: GAM, Financial Times, Thomson Financial Datastream

Risk - A Manager Vs. The Benchmark

Risk characteristics from 20 Jun 1997 to 22 Jun 2007



Maximum Drawdown %

GAM Capital Appreciation Equity

S&P 500 in USD

Presented as supplemental information only. Please refer to the compliance text in this presentation.
Source: GAM, Financial Times, Thomson Financial Datastream

GAM

3 Questions Trustees Should Ask Regarding Risk

3. Am I being compensated for the risk I am taking?

Measured by The Sharpe Ratio. The higher the number, the better the risk-adjusted return.

Performance & Risk of Global Equities & Global Bonds

Performance from 26 Jun 1997 to 25 Jun 2007



Presented as supplemental information only. Please refer to the compliance text in this presentation.
 Source: MSCI, Thomson Financial Datastream
 Past performance is not indicative of future performance.

Risk Chart WCI versus SGW

Risk characteristics from 19 Jun 1997 to 19 Jun 2007



■ MSCI World Index in USD

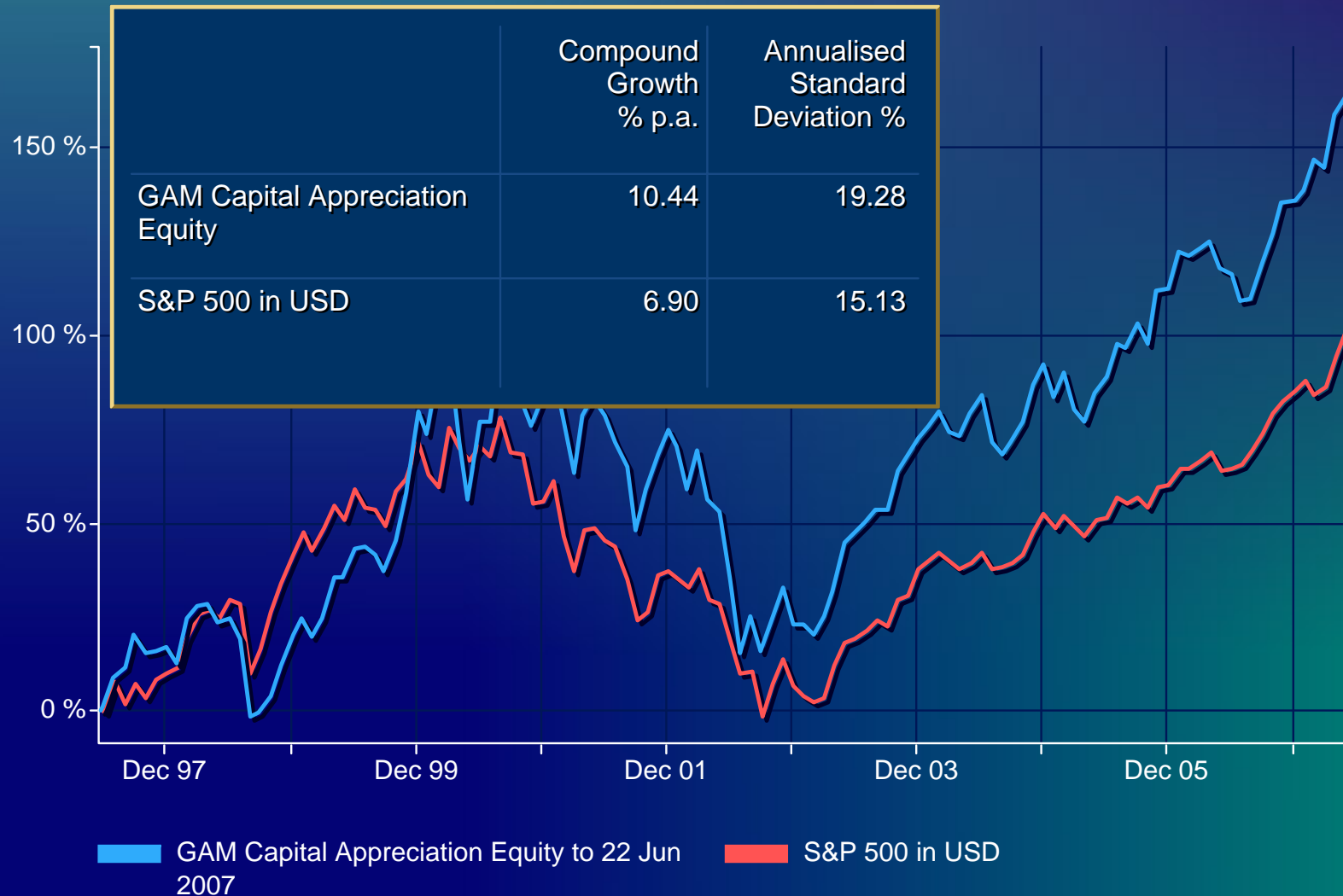
■ Citigroup (WGBI) World Govt. Bond Index in USD

Presented as supplemental information only. Please refer to the compliance text in this presentation.
Source: GAM, Financial Times, Thomson Financial Datastream

GAM

A US Equity Manager Vs US Equity Market Index

Performance from 20 Jun 1997 to 25 Jun 2007

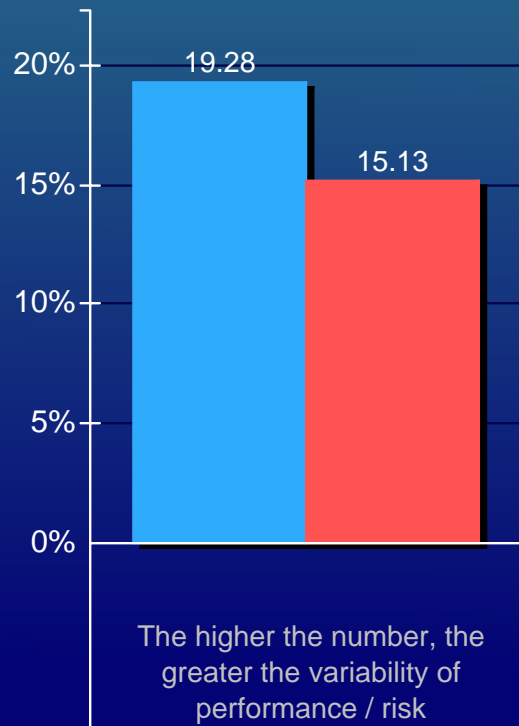


GAM

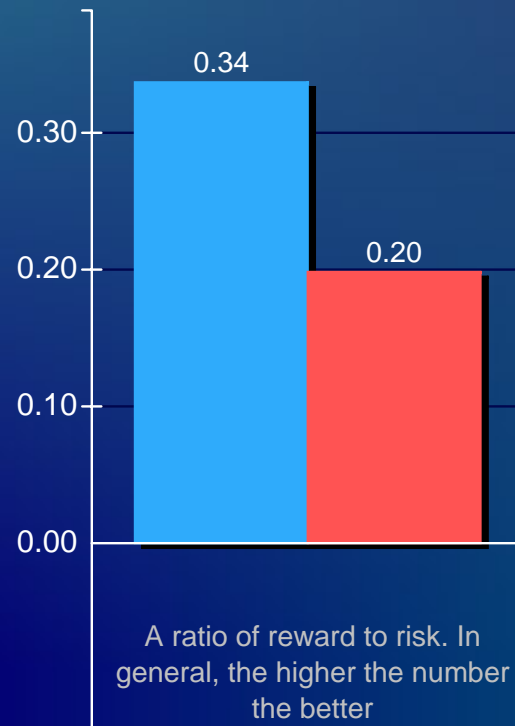
Presented as supplemental information only. Please refer to the compliance text in this presentation.
Source: GAM, Thomson Financial Datastream
Past performance is not indicative of future performance.

Risk - A Manager Vs. The Benchmark

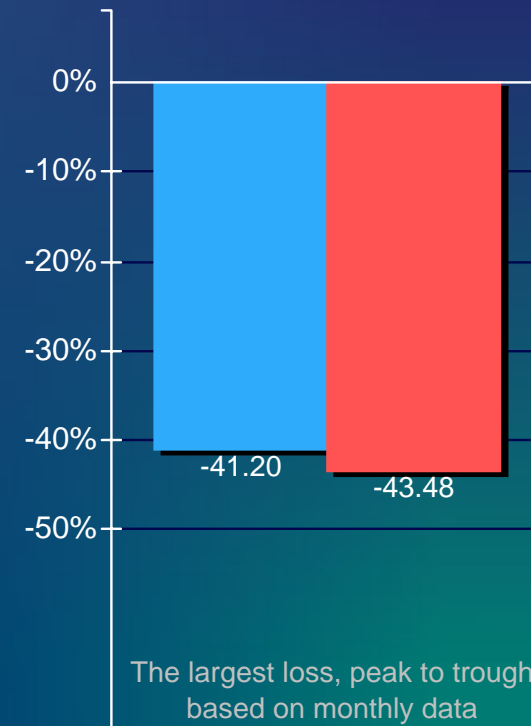
Risk characteristics from 20 Jun 1997 to 22 Jun 2007



Annualised Std Deviation %



Sharpe Ratio



Maximum Drawdown %

■ GAM Capital Appreciation Equity

■ S&P 500 in USD

Presented as supplemental information only. Please refer to the compliance text in this presentation.
Source: GAM, Financial Times, Thomson Financial Datastream

GAM

GAM Absolute Return Strategy

Performance from 31 Dec 1998 to 31 May 2007



■ GAM Absolute Return Strategy – USD
■ Average USD 1 Month Deposit Rate

■ MSCI World Index in USD

Funds do not have the security of capital characteristic of a bank deposit.

Presented as supplemental information only. Please refer to the compliance text in this presentation.

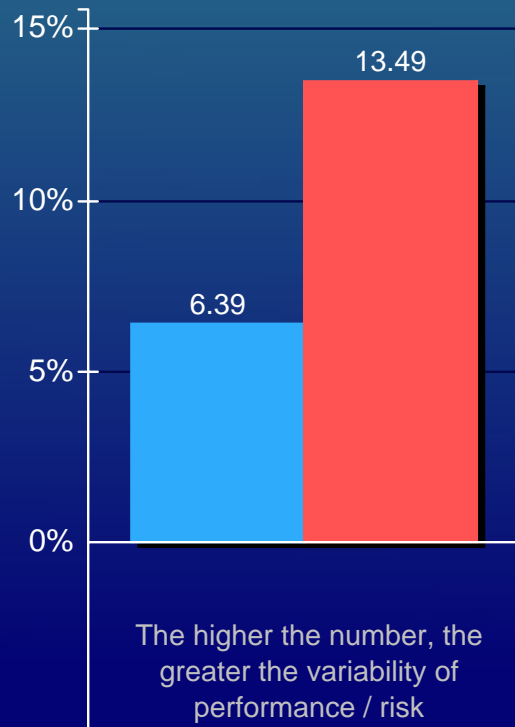
Source: GAM, MSCI, Financial Times

Past performance is not indicative of future performance.

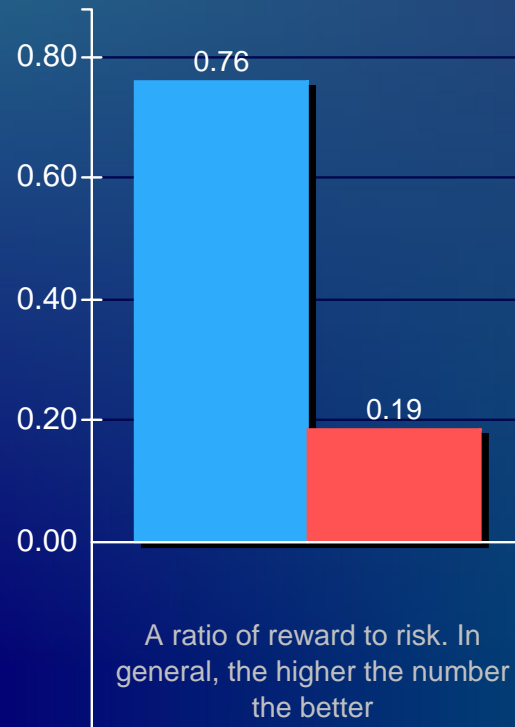
GAM

GAM Absolute Return Strategy – USD

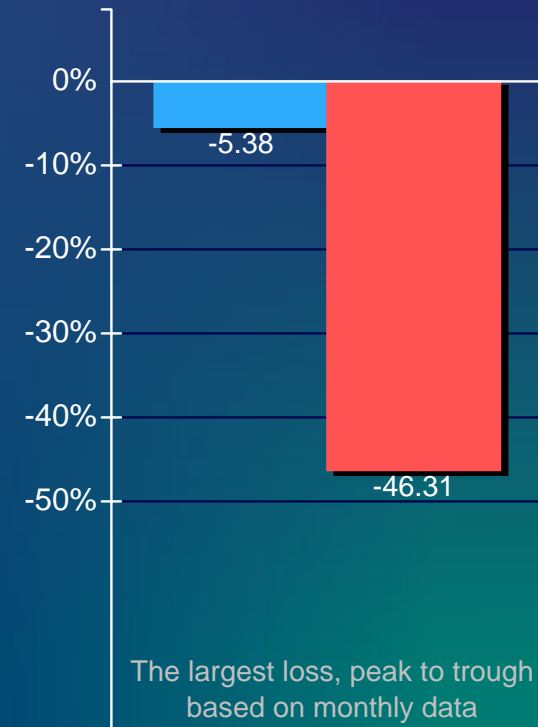
Risk characteristics from 31 Dec 1998 (inception) to 31 May 2007



Annualised Std Deviation %



Sharpe Ratio



Maximum Drawdown %

GAM Absolute Return Strategy – USD

MSCI World Index in USD

Presented as supplemental information only. Please refer to the compliance text in this presentation.
Source: GAM, Financial Times, MSCI

GAM

Problems With Benchmarks & Solutions

- How do I know if it is a relevant benchmark?

Does it match by asset class type?

Does it match by geographic location (domestic Vs global)?

Does it match by style (large cap/small cap equities or short-term/long-term bonds)?

Does it match by currency?

- What about fees?

Benchmarks take no account of fees so make sure your managers show you performance after all charges.

Problems With Benchmarks & Solutions

- How do I know if the performance figures are accurate?

Model Portfolios - only indicate performance, not live data.

Sample portfolios – how was the sample chosen? Perhaps it was cherry-pick of the best portfolios only!

- Global Investment Performance Standards (GIPS)

Provides re-assurance as calculated to recognised standards.

Independent audit of performance calculation.

Live performance and not ‘cherry-picked’.

Shows dispersion of returns – could your portfolio perform very differently from the rest due to poor internal controls?

Problems With **Portfolio** Benchmarks and Solutions

- The manager will seek to outperform a set benchmark so asset allocation will be set relative to the agreed benchmark. By setting a benchmark, the Trustee is therefore guiding the asset allocation and what is an acceptable level of risk.
- So if setting a benchmark, make sure that it reflects an acceptable level of risk. For example, is a balanced benchmark that falls by 25% an acceptable level of potential portfolio loss?

Perhaps it is better to set objectives for a portfolio, not benchmarks. Then measure performance, risk and risk-adjusted returns relative to the objectives set.

Example Objectives

Capital preservation is paramount.

Significant downside protection in difficult market conditions

Potential for participation in rising markets.

No set benchmark to influence asset allocation or which manager can hide behind.

Portfolio performance and risk will be measured relative to a range of asset classes.

Disclaimer

Past performance is not indicative of future performance.

The performance information shown is supplemental to, and should be read in conjunction with, the GIPS compliant report that is included.

This material is intended solely for the use of the reader. It is not an invitation to subscribe and is by way of information only. It may not be reproduced or distributed to any other person.

Please note that the price of shares and the income from funds may go down as well as up and may be affected by changes in rates of exchange. An investor may not get back the amount invested.

Please note that the composition of mandates may change over time.

This presentation is issued and approved by GAM London Limited

(Authorised and regulated by the Financial Services Authority),

12 St. James's Place, London SW1A 1NX

The logo for GAM, consisting of the letters 'GAM' in a bold, yellow, serif font.

Presented as supplemental information only. Please refer to the compliance text in this presentation.